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Bush Promises to 'Fight Hard' As He Accepts the Nomination

By R. W. Appie Jr. New York Times Service
NEW ORLEANS — Vice President George Bush has accepted the Republican presidential nomination with a pledge to "keep America moving forward, always forward."

The start of the campaign had already been marred by an intense controversy swirling around his running mate, Senator Dan Quayle of Indiana.

Republican rallies, calling his troops to arms and betraying no anxiety about Mr. Quayle's difficulties over how he obtained a slot in the Indiana National Guard.

Quayle Admits Seeking Help to Enter the Guard

Compiled by Our Staff From Dispatches HUNTINGTON, Indiana — Senator Dan Quayle, expanding his explanation of how he entered the Indiana National Guard in 1969, said Friday that he sought the aid of a former guard commander employed at his grandfather's newspaper but had not asked anyone "to break the rules."

time to law school at that time" but he denied that he had sought to avoid front-line duty in Vietnam.

As the four-day convention drew to a close, the vice president depicted his Democratic rival, Governor Michael S. Dukakis of Massachusetts, as a defeatist who believed in the "long slow decline" of the United States and who would inevitably raise taxes.



Striking coal miners sitting outside the mine at Jastrzebie, in southern Poland, on Friday. All work has now stopped at six mines in the area, and workers have united in regional strike committees.

Polish Strikers Join Forces as Unrest Spreads

By Michael Dobbs Washington Post Service
WARSAW — Polish workers formed two regional strike committees Friday as the government rejected their demand for the restoration of the banned Solidarity trade union.

A large-scale crackdown would effectively take Poland back several years to December 1981, when General Jaruzelski imposed martial law and put an end to the 15-month Solidarity period.

In the Baltic port of Gdansk, the leader of Solidarity, Lech Walesa, said shipyard workers there would join the strike Monday unless the Communist government agreed to recognize his banned trade union.

The regional strike committees were formed at the July Manifesto coal mine in the southern town of Jastrzebie on the Czechoslovak border, where the present round of unrest began last Tuesday, and at the port of Szczecin. Both plants were decorated with red and white Polish flags and slogans like "occupation strike" and "no freedom without Solidarity."

Pentagon Rejects Disciplinary Action in Downing of an Iranian Airliner

By Molly Moore Washington Post Service
WASHINGTON — Pentagon officials said Friday that no officers or crew members of the cruiser Vincennes would be disciplined for mistakenly shooting down an Iranian passenger plane on July 3, but they acknowledged that a series of human errors had led to the downing, in which all 290 people aboard the plane died.

Defense Secretary Frank C. Carlucci and Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, endorsed the investigative team's recommendation that none of the officers or crew should be disciplined, despite their errors.

saying that Iran would "exercise the right, based on international regulations, to inspect ships in the period between the cease-fire and the establishment of comprehensive peace."

On Page 6

● In 1969, the national guard alternative.
● Republican leaders support Quayle.
● Bush paints a self-deprecating portrait.

Admiral Crowe and Mr. Carlucci rejected a recommendation from General George B. Crist, chief of the U.S. Central Command for the Gulf region, that one of the ship's top officers receive a non-punitive letter of censure — considered the mildest of military reprimands — for failure to verify information adequately that was being supplied to Captain Will C. Rogers Jr., the Vincennes's skipper.

The investigation found that most of the early reports from the ship after the downing were inaccurate, as was much of the information that was passed on to Captain Rogers in the chaotic seven minutes between the time the plane was picked up on radar and the time he ordered two missiles fired at the target, which he believed was an Iranian F-14 fighter jet.

Today's INTERNATIONAL REAL ESTATE MARKETPLACE

Mr. Quayle, the Republican candidate for vice president, spoke at a news conference in his hometown and rebutted suggestions that he received favorable treatment in getting into the guard during the Vietnam War.

Baker Cites Help

Helen Dewar of The Washington Post reported earlier from New Orleans: James A. Baker 3d, chairman of Vice President George Bush's presidential campaign, has acknowledged that Senator Quayle's political

See QUAYLE, Page 6

See BUSH, Page 6

Klosk

Blast Kills 500 In Afghanistan

ISLAMABAD, Pakistan (Reuters) — A huge blast at a Soviet munitions dump in Afghanistan killed at least 500 people and wounded about 250, a Western diplomat and guerrillas said Friday. The diplomat cited reports from Kabul saying the toll from the blast last week at Kilagay, north of the capital, could be as high as 800. Guerrillas fighting the Soviet-backed Afghan government said a rocket attack set off the explosion, at the dump, which contained enough arms and ammunition to supply Afghan forces for two years.



Vice President Bush and Senator Quayle preparing to leave New Orleans on Friday from Belle Chase Naval Air Station after the Republican convention ended. Mr. Bush's wife, Barbara, is at left.

General News

Flow a congressman from Maryland played the military contract game. Page 3. Afghan leaders showed no remorse at the death of President Zia of Pakistan. Page 5.

Business/Finance

Grand Metropolitan raised its hostile takeover bid for Irish Distillers. Page 9. The SEC chairman urged market regulators in other countries to introduce compatible insider-trading laws. Page 9.

Dow Jones Industrial Average Close in New York: DJI 1,897.5, S&P 500 1,696.9, NYSE 138.85, FF 8.4326

Too Good to Be True: A 20-Nation Scam

By Ferdinand Protzman International Herald Tribune
PARIS — The deal being proposed by the smooth, reassuring voice on the phone seemed to be just what any West German investor would have wanted: a low-priced, tax-free investment offering the possibility of colossal profit at virtually no risk. It seemed too good to be true. And it was.

Interpol confirmed that they were investigating the possibility of links between organized crime and Thomas F. Quinn, a former New York stock broker they believe masterminded the scheme. Mr. Quinn was arrested by the French police on July 27 at his villa outside Cannes. He has been charged with fraud and introducing unauthorized foreign securities into France.

Mr. Quinn has a history of securities trading violations dating from 1963 and was convicted of securities fraud in 1970 in the United States. He served six months out of a two-year sentence.

Police are investigating possible organized crime links and money-laundering through banks and shell companies in Switzerland.

Referring to the possibility of an organized crime connection to the scheme, Laurent Kasper-Ansermet, the Geneva magistrate who is investigating the case, said: "There could be a connection, but it is too early to confirm that there was a direct link. But our investigation is being made in this direction as well."

The investigation is just at its beginning. Everyday I get new complaints from people who have lost money. We are just beginning to trace where the funds went. Much of the operation's money appears to have been laundered through banks and shell companies in Switzerland. The Swiss banks are cooperating fully with our investigation.

"But I cannot say which banks were involved or where the trail of money may be leading," Mr. Kasper-Ansermet has sent a letter to the U.S. Securities and Exchange Commission, asking it to investigate 10 to 15 U.S. companies that may have been involved in the swindle.

"This was a multinational corporation," he said. "It was run with a great deal of professionalism."

The West German victim described what authorities said was the ring's standard operating procedure for inducing people to invest.

"I began getting a mouthy newsletter from Kettler Investment AG in Switzerland, and I was impressed," he said. "It was interesting, informative and quite well done. After several months, a Kettler broker named Dean Baxter called me from Geneva. He was low-key, knowledgeable and very positive. We talked for 30 minutes and I mentioned an article about two small, high-tech firms trading

Admiral Crowe at a news conference Friday in which he said Iran must share the responsibility for the downing of an Iranian airliner.

Burma Picks New Leader, Calm Urged

By Reuters
BANGKOK — Maung Maung Kha, a close ally of Burma's former long-time leader, U Ne Win, was named the country's president on Friday and quickly appealed for time to make changes to lead the country out of turmoil.

The new leader appeared to rule out offering a multiparty democracy, which was one of the protesters' main demands.

Maung Maung Kha was chosen as leader by the ruling Burma Socialist Program Party. He replaces U Sein Lwin, who was appointed president on July 27 and was forced from office on Aug. 12 because of a nationwide uprising.

Maung Maung Kha told the nation in a television address that at the same time fundamental changes were being debated, the country was suffering a "severe storm of demonstrations."

"We should find ways and do everything we can to avoid similar disastrous and dangerous events emerging again in the future," he said.

He pointed out that the 1974 constitution, which made permanent the exclusive rule of the Burma Socialist Program Party, was endorsed at the time by a referendum. "The people have already decided they want that constitution," he said.

Maung Maung Kha, who was elected both head of state and chairman of the party, told the mostly Buddhist nation of 38 million people: "We need to review ourselves. Consultation with the people became weakened."

The new leader likened the recent protests to Burma's struggle for independence from Britain. Diplomats have estimated that the protesters killed up to 3,000 people in Rangoon alone, although the government put the figure at close to 100.

Tomato Tinkering: No Mush

By Todd J. Gillman Los Angeles Times Service
SAN FRANCISCO — In the latest step in the increasingly scientific battle to improve crop yields and the quality of food, a genetic engineering concern in Davis, California, has announced that it has found a way to suppress the enzyme that makes tomatoes go mushy.

While it's on the vine it's picking up sucrose," said William Hiatt, a microbiologist and Calgene's managing scientist on the project. "If you pick something that's immature, you may be able to turn that tomato red by treating it with ethylene, but it simply hasn't had the time to develop all the components for flavor."

And although some scientists say they think the effort may make tomatoes taste worse, scientists at Calgene Inc. say the trait can be introduced into tomato strains that, apart from aging too fast, already have desirable taste, color and shape.

"The No. 1 produce complaint today is that tomatoes don't taste good," said Dan Wagster, chief financial officer for Calgene. "Tomato breeders select varieties for their firmness and hardness to minimize spoilage, but those selections are at the expense of taste, so taste has effectively been bred out of the tomato."

See GROW, Page 5

See BURMA, Page 5

Customs Agents Battle Growing Traffic in Exotic Animals

By Burton Bollag
Special to the Herald Tribune

GENEVA — Customs agents at Charles de Gaulle International Airport in Paris were surprised recently when they opened the bags of a traveler from Mali.

Inside there were more than 100 live reptiles, apparently destined for sale in Europe. There were 50 pythons, 20 tortoises, 20 lizards and "more than a handful of extremely venomous Gabon vipers," according to officials.

Officials say wildlife smuggling is up again this summer because overworked customs agents can offer little deterrence.

Still, officials say, improving international cooperation to save endangered species is making the illegal trade increasingly difficult.

Several of the world's major wildlife smuggling centers, including Hong Kong, Singapore and Belgium, have gone to great lengths to curb the commerce.

"You used to be able to buy anything on the spot in Belgium: gorillas, chimpanzees, even a Black Rhino," says Eugene Lapointe, secretary-general of the Convention on International Trade in Endangered Species of Wild Flora and Fauna, or CITES. Officials say the United Arab Emirates is now the most important center for illegal wildlife trade.

Since the treaty came into force in 1975, its membership has grown to 95 countries. Each undertakes to prevent any wildlife import and export that does not have a CITES certificate. The certificate states that the shipment does not violate the ban or controls on trade in 40,000 endangered or threatened species.

Although it is not known if the total illegal trade in wildlife is rising or falling, officials say more and more shipments are being intercepted.

One success, officials say, involves African elephant ivory. Elephant poaching for tusks has led to a sharp drop in elephant populations. Now the establishment of CITES export and import controls have reduced the portion of illegally traded ivory from 80 percent in 1984 to 50 percent today.

"I would compare international wildlife trade to a bathtub with lots of holes," Mr. Lapointe said. "Now we're trying to fill those holes."

Despite increasingly tough penalties, however, the huge profits to be made continue to attract smugglers. CITES estimates that \$1.5 billion in wildlife is traded illegally each year compared to \$3.5 billion legally.

Recently, authorities in Paraguay stopped the export of two young Ara Spix parrots, which grow up to 58 centimeters (22.5 inches) and are the largest variety in the world. When a Swiss dealer checked into the authenticity of the CITES certificate for the rare birds, which are worth \$40,000 apiece, officials discovered that the documents had been expertly forged.

Officials say drug smugglers in South America have had snakes swallow well-wrapped packages of cocaine to be recovered after the reptiles arrived in the United States or Europe. Parrots and iguanas have been killed and their bodies stuffed with drugs.

"We know there's a very close link between the illegal drug traffic in South America and the wildlife trade," Mr. Lapointe said.

Wildlife smuggling falls primarily in two areas. There is a large trade in products like elephant ivory for carvings, rhinoceros horns for traditional Chinese medicines and Yemeni dagger handles, reptile skin for shoes and handbags, and exotic furs for coats.

There is also a flourishing trade in exotic animals for pets, such as red-kneed tarantulas, tortoises, parrots and such small primates as the golden-headed lion tamarin. Small catman crocodiles, which grow to only 80 centimeters, have become very popular.

Illegally traded animals are often shipped under cruel conditions, resulting in a high death rate. In June, Spanish officials discovered a shipment of 2,000 baby cats en route from Colombia to Taiwan. Only 500 were alive.

WORLD BRIEFS

Kremlin Panel on Stalin Clears 636

MOSCOW (AP) — A Kremlin commission investigating Stalinist repression has cleared 636 people but will expose those who "blindly fulfilled inhumane instructions," the party daily Pravda said Friday. Mikhail S. Solomentsev, a member of the ruling Politburo, told Pravda: "Many people are guilty of abuses; some of them were named. Many more are guilty of the guilt of every one of them will be some not. The measure of every one of them will be determined." His commission was established in October to review the determined. His commission was established in October to review the determined. His commission was established in October to review the determined.

Brazil Outlines New Austerity Budget

BRASILIA (Combined Dispatches) — President José Sarney of Brazil has called for a 22-percent cut in next year's national budget to decrease a huge public deficit. Officials said the budget, if approved, would be reduced by more than \$6 billion. At a cabinet meeting on Thursday, Mr. Sarney said the 1989 budget would include some cuts in government subsidies and money for state companies. But federal financing for state and local governments would be ended, he said.

New Study Raises U.S. AIDS Estimate

WASHINGTON (AP) — The number of Americans infected with the AIDS virus may be twice the federal estimates, and infection among heterosexuals may be three times as high, according to a report released Friday by the Hudson Institute, a private research organization. Kevin R. Hopkins, an institute mathematician, said a study using more advanced techniques than are used by the Centers for Disease Control showed that as many as three million Americans may be infected with the virus which causes AIDS. The estimate by the centers, which is the prime federal agency monitoring the spread of AIDS, is about 1.4 million. The Hudson study said that a best guess at the range of infections as of last year-end was from "1.2 million to 3 million persons, with the likelihood range between 2.2 million and 2.6 million people." The institute estimated that 850,000 to 1.4 million heterosexuals were infected.

Argentine Vote Scheduled for June

BUENOS AIRES (Reuters) — Argentina will hold presidential elections next May, and the transfer of power will occur in December 1989, Interior Minister Enrique Nosiglia said Friday. His statement was the first official confirmation of the timing of presidential elections, the first such polling to be held under a democratic government in Argentina for nearly 40 years. Mr. Nosiglia's announcement, reported by the Noticias Argentinas press agency from Bahia Blanca, was made amid rumors that the elections and subsequent transfer of power could be delayed.

For the Record

Three Ulster police officers were wounded by a bomb at a gasoline station in County Fermanagh close to the Irish Republic, the police in Northern Ireland said Friday. In County Down, to the east, a car bomb exploded near a hotel on the road between Belfast and Newry. Three people were injured, but the hotel was extensively damaged. (Reuters) Theresa Bradley and her mother, Gladys, plan to come out of hiding and surrender soon to New York authorities investigating what the black-teen-ager says was her abduction and rape by several white men, all adviser said. (UPI)

TRAVEL UPDATE

Air Traffic Seen Growing 7% Yearly

GENEVA (Reuters) — International airline traffic is expected to grow by an average of 7 percent over the next five years, led by heavy demand for Asia and the Pacific, the International Air Transport Association said Friday. The Geneva-based association said international traffic was expected to expand by 8 percent this year, 7 percent next year and 6 percent annually in 1990-92. The estimate is based on projections provided by 69 airlines. "The fastest-growing region will be Asia and the Pacific, averaging 9 percent, while traffic to and from North America will average 7 percent," the group said. "In Europe, the figure is expected to be around 6 percent." A Yugoslav minister appealed to the country's 700 air controllers to call off a nationwide work stoppage scheduled for Sept. 10. Tanjing news agency reported. It said Dragi Dasev, minister of transport and communications, said the government would try to reach a compromise with the controllers. (AP)

Germans Say Robber Shot Woman

The Associated Press
BONN — West German officials said Friday that they were 99 percent certain that a bullet fired by a fleeing bank robber was the one that killed a female hostage during a shoot-out after a two-day chase. The drama began Tuesday when two men robbed a bank in Gladbeck, in the Ruhr region. On Wednesday, they arrived in the northern city of Bremen, where they hijacked a bus carrying about 30 passengers. From there the bus was driven to the Netherlands where most of the hostages were released on Thursday. When the Dutch police provided a car, the robbers, an accomplice, and two remaining female hostages returned to West Germany. The woman who was killed, Silke Bischof, 18, spoke with reporters on Thursday while the car was parked in Cologne. She said that she was being well treated, but that she feared someone would be killed if the police took action. Hours later the police arrested the robbers, Dieter Degowski, 32, and Hans-Jürgen Röster, 31. "We are 99 percent certain that Degowski fired the shot that killed Silke Bischof," said Reinhard Schmidt-Küntzel, a spokesman for the Interior Ministry of North Rhine-Westphalia. The other female hostage was wounded by a bullet, as was Mr. Röster.

U.S. Carrier Keeps the Mail

The Associated Press
MILTON, Florida — Tons of magazines, circulars and free mail samples, some more than three years old, were found in the home of a mail carrier on Friday. Authorities raided the home of the carrier, who has been placed on administrative leave, and found the undelivered mail piled in the house, packed into a storage shed and littering the surrounding woods.

With Namibia Talks Hopeful, Rebel Leader Tempers Tone

By John D. Battersby
New York Times Service

KABWE, Zambia — After nearly three decades in exile, Sam Nujoma, the rebel leader who may become leader of an independent South-West Africa, if U.S.-brokered peace talks succeed, has begun to temper the fiery oratory that is his hallmark.

"After 23 years of war, I believe it is essential to have national reconciliation," Mr. Nujoma said Thursday. "Peace is much needed by everyone, and the South-West African People's Organization must initiate a process to eliminate racial hatred in our country."

After being the focus of an international dispute for more than half a century, South-West Africa, the territory also known as Namibia, faces the prospect of independence.

The former German colony is sparsely populated, and it is so locked into the South African economy that many experts predict that sovereignty will be little more than symbolic.

Sitting in a cramped black tent at a rural conference center, where Zambia's ruling United National Independence Party was meeting, Mr. Nujoma, 59, spoke of his people's longing for liberation from 73 years of South African rule.

In an unusual gesture, he gave South Africa the benefit of the doubt regarding its intentions for taking part in the latest peace initiative.

"I believe that the South African government is genuine — that this time they will be honest people," the guerrilla leader said.

Mr. Nujoma, who founded the South-West African rebel movement and has led it for 29 years, left no doubt that his organization, recognized by the UN General Assembly as the "sole and authentic" representative of the South-West African people, was serious about the peace initiative.

Mr. Nujoma, who is based in Luanda, Angola, was among 7,000 guests who attended the conference, including nine African heads of state as well as leaders of the Africa liberation movements.

"We have accepted the cease-fire," he said. "Our freedom fighters are under strict orders not to fire against South African soldiers except in self-defense," he added, reaching for a copy of a letter he had sent to the UN secretary-general, Javier Pérez de Cuellar.

In the letter, dated Aug. 11, Mr. Nujoma said his organization had agreed to comply with the Aug. 10 cease-fire agreed to by South Africa, Angola and Cuba at talks in Geneva.

This week, the headquarters of the Pretoria-backed South-West African Territorial Force announced that security forces had killed 11 guerrillas in Namibia since the regional truce went into effect Aug. 8.

The peace talks are trying to end both the rebels' war against South African security forces and the 13-year-old Angolan civil war between Cuban-backed government forces and U.S.- and South Africa-backed rebels of Jonas Savimbi's Union for the Total Independence of Angola.

The parties have agreed on a withdrawal of South African troops from Angola by Sept. 1, by which date Cuba and Angola must agree on a timetable for the withdrawal of 47,000 Cuban troops that is acceptable to Pretoria.

If these stages are successful, a 10-year-old UN plan for independence is to be put into effect Nov. 1, leading to UN-sponsored elections by June 1, 1989.

As leader of the guerrilla-backed South-West African People's Organization, Mr. Nujoma is considered the man most likely to emerge as overall victor in UN-sponsored elections, the ultimate objective of the peace talks.

Mr. Nujoma sidestepped questions about how a free Namibia would move to rid itself of the South African legacy.

"It is a myth created by South Africa that Namibia is dependent on it," he said. "We have enough natural resources to stand on our own feet and provide for all our people."

Under the settlement terms, South Africa would retain the port at Walvis Bay. The only rail line to South-West Africa runs through South Africa.

He said an independent Namibia would demand that South Africa hand over Walvis Bay, an enclave within South-West Africa that is still considered part of South Africa. He did not elaborate.

Namibia is also likely to remain locked into the South African currency area for some time after independence.

About 80 percent of the Namibian civil service is made up of whites, many of them conservative Afrikaners from Pretoria.

But Mr. Nujoma reassured the territory's 100,000 whites that there would be a place for them and that the fight of the South-West African people was against what he called exploitation and colonialism and not against them.

One of Pretoria's greatest concerns is that Namibia might harbor guerrilla bases of the outlawed African National Congress.

Burundi Is Reported To Be Calm

Reuters

NAIROBI — Order was restored in Burundi after tribal massacres sent up to 10,000 refugees fleeing into neighboring Rwanda, diplomats said Friday.

No official death toll was released. The Burundian press agency ABP said the toll appeared to be very high, but gave no numbers.

A Western diplomat in Burundi, a small, densely populated nation in central Africa, said a few military patrols were in the streets of the capital, Bujumbura, where a 7 P.M.-to-5 A.M. curfew was in force.

He said that all appeared calm in the city and that Europeans working 200 kilometers (125 miles) north of the capital, where the bloodshed occurred, also reported that order had been restored.

The diplomat said there were widely varying rumors about the number of casualties. The killings did not appear to be on the widespread scale of tribal conflict that occurred in 1972, when at least 100,000 members of the Hutu tribe were killed, he said.

In Brussels, a previously unknown organization calling itself the Hutu People's Liberation Army said in a statement that more than 4,000 people, all of them Hutus, were believed to have died at the hands of Tutsi soldiers.

The organization said military helicopters were coming northern Burundi, firing at anything that moved.

"We are not fighting to liberate ourselves to have other people's bases in our country," he said.

IT WAS A MOMENT OUT OF A DREAM, WHEN THE STEP OF A MAN TRANSFORMED THE HISTORY OF MANKIND, OMEGA. FOR THIS AND ALL OUR SIGNIFICANT MOMENTS.



Significant Moments

OMEGA ALWAYS MARKS SIGNIFICANT MOMENTS AT THE OLYMPICS IN THE SPACE PROGRAM IN SIGNIFICANT LIVES LIKE YOUNG THE OMEGA SPEEDMASTER FOR SPACE EXPLORATION AND FOR YOU.

OMEGA

OMEGA. TIMING ITS 20TH OLYMPICS IN SEOUL

Possible PLO Acceptance of Israel: Peace Still Seems Just as Far Away

By John Kifner
New York Times Service

CAIRO — Although the Palestine Liberation Organization's leadership is reportedly close to a decision to accept Israel's existence and to declare a "provisional Palestinian government," it is far from clear that such a move would produce any diplomatic breakthrough in the Middle East.

"It is the kind of irony you could have only in the Middle East," a Western diplomat said Thursday. "If the PLO accepts Israel, then that should qualify them for peace negotiations," he said. "But if they declare some kind of 'government,' or an independent state, that will disqualify them as far as Israel is concerned."

The party — responding to King Hussein's move, which took away a "Jordanian option" in any talks, something central to the Labor Party position — changed its policy statement to express a willingness to negotiate with Palestinians in the absence of King Hussein. But it barred dealings with the PLO.

Mr. Peres said Thursday that any solution on the status of the West Bank depended on Jordan. "We are ready to negotiate separately with a Jordanian delegation and a Palestinian delegation, to negotiate intermediate solutions," he said. "But when it comes to the permanent solution, we would like to do it with a Jordanian-Palestinian delegation. They are inseparable."

Israel is clearly worried by the developments. On Thursday, the Israeli authorities declared illegal the "popular committees" that have sprouted in every Palestinian city, village and refugee area.

Defense Minister Yitzhak Rabin announced the ban, saying that members of these committees would be arrested and that the new rules would apply to as many as 300 people who have already been picked up for membership and detained without trial as long as six months.

The committees are the key local organizations mentioned in the Palestinian draft document calling for a declaration of independence.

Those leaders, in a flurry of moves over the last few days, seem to be moving swiftly toward a position that had been anathema to them.

This is the formation of some kind of "government," which might then be pinned down to speaking the unspeakable: recognition of Israel in exchange for a Palestinian homeland limited to the West Bank and the Gaza Strip, territories captured by Israel in the 1967 war.

This is what was feared by Palestinians, would tear the fragile, already divided, organization apart.

In recent days, the PLO leadership has been wrestling with a plan by which the Palestine National Council, regarded by many Palestinians as a parliament in exile, would endorse peace with Israel and an independent state, after which Mr. Arafat would declare

this position to the United Nations in September. Nowhere is speculation on the Palestinian developments rampant the way it is in Israel, where it seems virtually inconceivable for any mainstream political figure to advocate talking with the PLO.

Prime Minister Yitzhak Shamir, of the hard-line Likud bloc, has dismissed talk of any PLO change as designed to set up a base from which to wipe out Israel.

The Foreign Ministry, presided over by Mr. Shamir's rival, Shimon Peres, the leader of the Labor Party, has set up a special committee to examine the PLO developments.

Mr. Peres said Thursday that any solution on the status of the West Bank depended on Jordan. "We are ready to negotiate separately with a Jordanian delegation and a Palestinian delegation, to negotiate intermediate solutions," he said. "But when it comes to the permanent solution, we would like to do it with a Jordanian-Palestinian delegation. They are inseparable."

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What a Time In the Military

By David ...

What a time in the military ...

Contras Will ...

The ...

After 10 Years

By Michael L. Smith ...

After 10 years ...

What a Timely Visit Can Mean In the Military Contract Game

By David Johnston
New York Times Service

WASHINGTON — Thirteen months ago, Representative Roy P. Dyson of Maryland visited the military electronics plant of the Unisys Corp. in Great Neck, N.Y.

The visit, he said later, was typical of those that members of the House Armed Services Committee made to the plants and offices of military contractors.

Apparently it was typical in more ways than one.

The day before the visit, Mr. Dyson received \$15,000 in campaign contributions, \$1,000 each from 15 persons. Most of these people were associated with Unisys.

Mr. Dyson also received a legal \$2,000 honorarium from Unisys to make the trip, according to records of the Federal Election Commission and Congress.



Representative Roy P. Dyson.

In 1987, Mr. Dyson also received honoraria from other military contractors, including Oakshott Truck Corp. and Textro Inc.

Mr. Dyson's district spans counties on the eastern and western shores of Chesapeake Bay. It includes the Aberdeen Proving Ground, a large army testing site, and the Patuxent River Naval Air Station, an air base and testing site.

Mr. Dyson, who serves on the Armed Services Committee, said that part of his job as a congressman was to seek military contracts for his district, which he said was dependent on the employment that Pentagon contracts provided to about 200 military firms operating there.

"Whatever happens to defense nationally really has a direct economic impact right in my hometown," he said.

Some of the contributors to Dyson's campaign on the eve of his first visit to the Unisys plant were retired employees of the Sperry Corp., which joined with Burroughs to form Unisys in 1986. Several other contributors were spouses of the former Sperry employees.

Two of the contributors have emerged as prominent figures in the Pentagon fraud and bribery investigation.

They are Charles F. Gardner, a former Unisys executive at the Great Neck plant, and William Galvin, a military consultant who was retained by Unisys.

In June, investigators seized records from both men.

Mr. Dyson said that at the time of the contributions he did not know Mr. Gardner or Mr. Galvin.

He said he did not know how the contributions had reached his campaign or whether they had been

transmitted to him in a block by anyone connected with the company.

Mr. Dyson flew from Washington to the Unisys plant accompanied by William W. Roberts and his wife.

Mr. Roberts, who has become a prominent figure in the investigation, worked for Sperry for more than 20 years. After his retirement four years ago, he worked as a consultant to Unisys and other military contractors.

He also helped found Armetec Inc., a small Florida military supplier that is under investigation. Unisys was Armetec's main source of business.

Mr. Roberts' activities included persuading members of Congress to support an upgrading for the Unisys MK-92 fire control radar system, although top navy officials regarded the system as unnecessary.

In 1985, Mr. Dyson introduced an amendment to the military authorization bill that included money for the purchase of the upgraded MK-92 system. In May, Unisys was awarded a contract for the system.

Another person who has interested the authorities was also on the trip, Richard Seelmeier, the pilot of the plane.

Mr. Seelmeier was a former aide to the late Representative Joseph P. Addabbo, Democrat of New York, who until his death in 1986 was chairman of the House Subcommittee on Military Appropriations. After Mr. Addabbo's death, Mr. Seelmeier opened an air charter service.

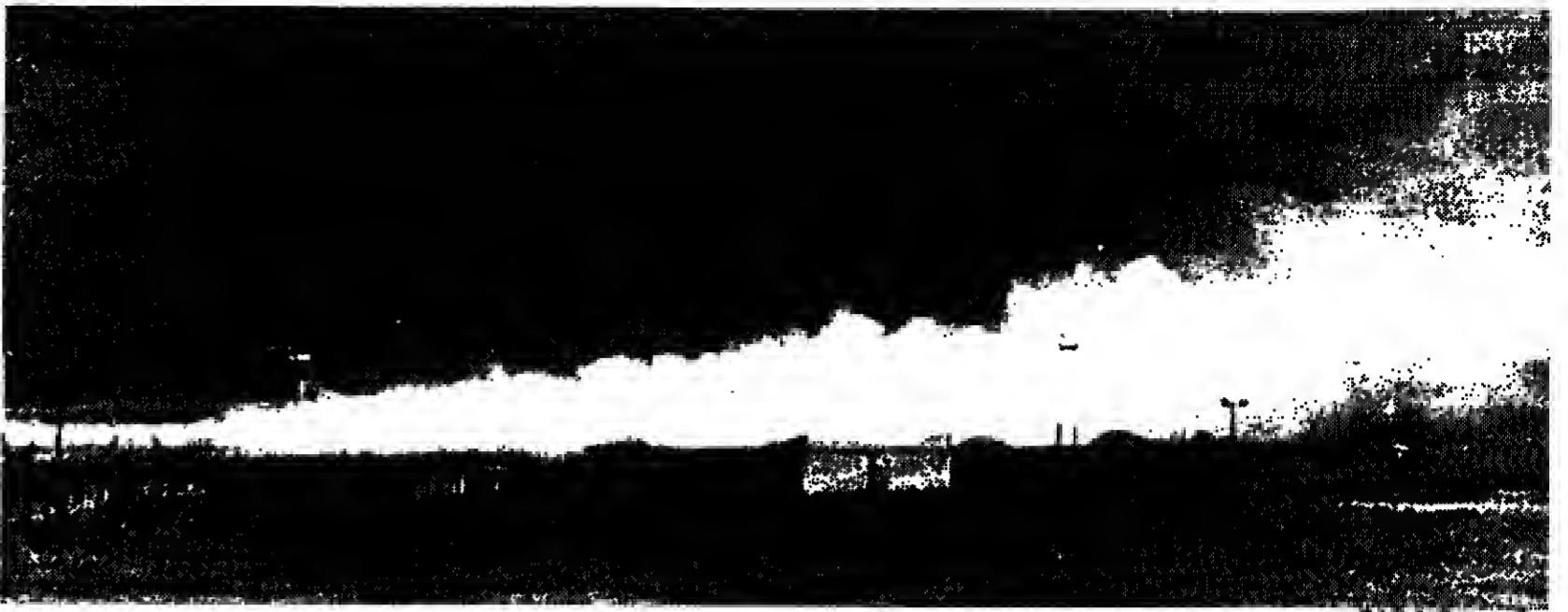
In June, Mr. Seelmeier's home was searched by investigators. The Justice Department has declined to disclose the nature of evidence it was seeking.

On April 30, Mr. Dyson made a second trip to the Unisys plant in Great Neck, accompanied by his chief aide, Tom Pappas. The two attended a briefing and spent part of their time with Mr. Gardner.

By then Mr. Gardner had resigned from Unisys, but was working for the company as a consultant.

The trip ended tragically the next day, when Mr. Pappas jumped to his death from a window of a hotel in New York City.

Mr. Dyson said Mr. Pappas probably took his life out because of the procurement investigation but because of omissions that he had mismanaged Mr. Dyson's congressional office.



The redesigned shuttle booster rocket spewed smoke across the Utah landscape as it was test fired for last time before the launching of Discovery.

Booster Test Seems to Lift Last Obstacle to Shuttle

By Warren E. Leary
New York Times Service

WASHINGTON — The test firing of a purposefully flawed booster rocket appears to have been successful, removing a major obstacle to getting the space shuttle flying again, perhaps as early as next month, space agency officials said.

The fifth and final preflight test firing, on Thursday, of the redesigned solid-fuel booster rocket, riddled with 14 intentional flaws to challenge new safety features, appeared to go without incident at a Utah test facility of Morton Thiokol Inc., the builder of the rocket.

"Every indication is that the booster is sound and ready to go," Royce Mitchell, the solid-rocket project manager for Marshall Space Flight Center in Huntsville, Alabama, said after the test.

"It looks like absolutely a great test from top to bottom," Mr. Mitchell said.

The 126-foot-long (38.4-meter-long) rocket underwent a two-minute firing in a horizontal test rack at a site 25 miles (about 40 kilometers) west of Brigham City, Utah. The motor burned 1.1 million pounds (about 500,000 kilograms) of propellant, as it would for a similar period if a pair of the rockets were lifting a shuttle on an actual flight.

Officials of the National Aeronautics and Space Administration said they would consider the test a success if no hot gases escaped the joints connecting sections of the booster rocket, which is 12 feet in

diameter. Such a plume of superhot gas ignited an external fuel tank during the flight of the shuttle Challenger in January 1986 and has been cited as the cause of the explosion that killed all seven crew members.

Officials said cameras trained on the booster rocket in the areas of the defects showed no evidence of leaks, and initial readings from more than 400 instruments monitoring the tests indicated no unexpected breach of backup seals, which were directly challenged in the firing by the intentional breaching of first-line seals.

"I feel very comfortable that this rocket motor is the most reliable built by the industry," said David Ewing, Morton Thiokol's deputy director of program management.

"We're ready to go launch," added Alan McDonald, vice president for engineering at Morton Thiokol.

Space officials said the shuttle Discovery could be launched late next month or in early October, depending on the results of the rocket test and on repairs that are being made at the Kennedy Space Center on a tiny fuel leak in a steering engine on the shuttle.

"The end of September still may be within our sights," Mr. Mitchell said.

Final results of the \$20-million booster test should be available within two weeks after engineers disassemble the rocket case for detailed looks inside, a process set to begin Monday. The entire redesign

and testing program for the booster is expected to cost \$470 million, Mr. Mitchell said.

There have been many changes with several focusing on the joints linking the cylindrical segments of the solid-fuel rocket. It was one of these joints that failed on Challenger when an O ring seal burned through and allowed hot gas to escape.

The changes included adding a third rubberized O ring to the original two, improving insulation to prevent burning gases from reaching the O ring seals and adding a

metal clamping feature to lock the joints together. The latest flaw test introduced defects more severe than those in previous tests. In two of three joints, separations were introduced into bonded adhesive insulation, channels were cut through insulating putty, parts of interior O rings were whitened down and various holes and abrasions were introduced to allow burning gases to reach parts they normally would not.

Engineers said they would not be upset if hot gases got around some safety features but were stopped by

others. "We're looking for a fail-safe joint," Mr. Mitchell said.

The last full-scale test of the redesigned joints is scheduled for December, after the expected flight of Discovery. This one is intended to see how the booster performs when the fuel is cooled to 40 degrees Fahrenheit (4.4 centigrade), much colder than it would be in an actual flight.

U.S. Hospital Ends Plan On Organ Transplants

Los Angeles Times Service

LOMA LINDA, California — Conceding that their plans to harvest organs from brain-defective babies had "failed miserably" and that the ethical qualms of critics had often proved true, officials at Loma Linda University Medical Center have suspended the program to use anencephalic infants as organ donors.

The decision, reached late in July but not publicized at the time, came after 13 failed attempts at organ harvesting from the babies, pending the completion of a report that Dr. Peabody is preparing for medical-center officials.

Spokeswoman for Loma Linda, Anita Rockwell, said that the medical center would honor commitments to try organ harvesting in two as-yet-unborn anencephalic infants, but that there were no plans to enroll other babies. The program's long-term future is in limbo, pending the completion of a report that Dr. Peabody is preparing for medical-center officials.

Discussions that, and we have not come to a clear understanding of it."

Caring for the severely deformed infants has been "incredibly difficult" for intensive-care unit nurses, as well as some physicians, according to Dr. Joyce L. Peabody, the Loma Linda ophthalmologist in charge of the program. Only one-third to one-half of the nurses volunteered to care for the babies.

Anencephalics are born without parts of the brain and skull. They usually either die at birth or within several days. Loma Linda physicians had hoped that the babies could be declared brain dead while their heart, liver and other organs remained undamaged and suitable for transplantation.

Some ethicists and physicians have contended that placing anencephalic newborns on life-support systems crosses into uncharted territory by prolonging life not for the benefit of the patient, but rather for the sole purpose of harvesting organs.

At a bioethics seminar in Oakland, California, last week, Dr. Peabody said she had "spent many an hour with friends in the moun-

tain discussing that, and we have not come to a clear understanding of it."

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Contras Without a Cause Offer U.S. Tough Choice

By Julia Preston
Washington Post Service

TEGUCIGALPA, Honduras — The 11,000 restless Nicaraguan rebels now crowded into Honduran border base camps are presenting Washington with a stark choice: Resume funding their war against the Sandinista government or devise a policy to disarm and resettle them outside Nicaragua.

A negotiated return by the rebels, known as contras, to Nicaragua appears to be out of the question for the time being, and the only other possibility is to allow a humiliating and chaotic collapse in Honduras of the contras as a fighting force.

The contras' top military commander, Enrique Bermudez, also one of their political directors, argues that his forces' strategic position is too weak for them to bargain effectively. Almost six months after the last deliveries of U.S. military aid, fewer than a third of his fighters still have enough ammunition to stay inside Nicaragua.

Mr. Bermudez has rejected any new peace parity under current conditions as "doomed to failure," a view broadly shared by his highest field commanders. The talks broke down June 9 after 11 weeks.

"There appears to be no aid package the U.S. Congress could approve that both warring sides would accept as a help

toward reviving the talks. Mr. Bermudez has said that the contras will return to the table only if they get more U.S. military support.

The Nicaraguan president, Daniel Ortega Saavedra, meanwhile, warned earlier this month that if the contras got more military aid it would kill the peace process, as far as the Sandinistas were concerned.

None of the major actors in the Nicaraguan war expects

NEWS ANALYSIS

Washington to produce a clearly defined policy until after the November elections. But diplomats and contra leaders in Honduras said the package of \$27 million in nonlethal aid that the Senate approved last week would leave contra fighters in an unstable limbo.

"It's a nice bill for Washington," said a spokesman for the contras, Bosco Matamoros, "but it doesn't match the reality on the ground. It doesn't finish us off; it just leaves us half dead."

Contra commanders, who still consider themselves at war, chafe at the lack of military aid. Used to the tension of clandestine war, they train every day but mostly they sit idle in the heat and rain.

According to contra and diplomatic sources, Mr. Bermu-

dez moved earlier this summer to disarm some of the young fighters who sit day after day in their hot plastic tents with nothing to do. Mr. Bermudez's decision came after several of his field commanders led an unsuccessful rebellion against him in April, and after one contra fighter in a fit of temper killed a woman near the camps.

Mr. Bermudez turned the weapons in to the Honduran military, the sources said, but since then his efforts to recover the equipment had been rebuffed by Honduran officers.

The Honduran military is "extremely worried about weapons leaking into Honduran society," a diplomat said. "They want them under secure lock and key."

Honduras now requires contra fighters to have Honduran visas to travel outside the border camps. And it continues to press the United States for a written commitment to care for or evacuate the contras if the military aid cut-off proves to be permanent.

But U.S. officials in Honduras limit themselves to vague assurances that Washington will be responsible for the consequences of its policies.

On the whole, the contra force is holding together for now. But dozens of older fighters, some of them veterans of six or seven years of grueling clandestine warfare, have slipped away from the camps to civilian life, contra commanders said.

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After 10 Years, Peru Rebel Expounds

By Michael L. Smith
Washington Post Service

LIMA — Abimael Guzman, the shadowy leader of Peru's Shining Path guerrillas, has broken a public silence of almost 10 years to deliver a detailed vision of revolutionary change for his country.

In a lengthy interview published by a Lima newspaper, he discussed his group's violent ideology and predicted that Peru was headed for wholesale conflict marked by armed uprisings by workers and the dispossessed.

The interview appeared to dampen prolonged speculation that Mr. Guzman, 53, was seriously ill, had been smuggled out of the country for safekeeping or was dead. He is known to suffer from a blood disorder that requires regular medical treatment.

His last known appearance was in January 1979, when he was briefly detained by the police.

The 41-page interview appeared on July 26 in El Diario, a Lima tabloid that over the last two years has regularly reported on Shining Path.

Some critics doubted that reporters had actually interviewed Mr. Guzman in person. They noted that no photographs had been offered. But most analysts have accepted the text as an authentic expression of Mr. Guzman's thinking.

Better known to his followers as Chairman Gonzalo, Mr. Guzman sounded optimistic about the prospects of a collapse of resistance to his guerrilla forces.

"The crisis conditions into which the outmoded system of Peruvian society has entered indicate that these decisive years will accelerate conditions and develop the revolutionary situation powerfully," he was quoted as saying.

Mr. Guzman, who once taught philosophy at the National University of Huamanga in Ayacucho, seemed to be moving up his own

timetable for revolution, since he refrained from referring to long periods of a "prolonged people's war." He was quoted as having said that the party must prepare now for the final assault.

"Our process of the people's war has led us toward the apex," he said. "Consequently, we have to prepare for insurrections which will be the taking of the cities."

In anticipation of this stage of warfare, Mr. Guzman leveled criticism against shortcomings in his own organization, saying it had not made enough inroads in urban centers.

"The majority of our militancy is peasantry," he said, "and a limitation that we have is the insufficient number of workers."

Reasserting an apocalyptic prophecy of Shining Path's taking power some day, Mr. Guzman tried to reassure Peruvians that a future guerrilla government would respect both religious freedom and the rights of small property holders.

One question raised by the inter-

view is how Mr. Guzman expects to sustain his revolution without international allies. He scathingly accused Communist leaders from Fidel Castro to Deng Xiaoping of yielding to the corrosive effects of revisionism.

Mr. Guzman said ideological purity was necessary to maintain the Peruvian party's independence and self-reliance.

Veteran watchers of Shining Path's evolution noted Mr. Guzman's silence on one particular subject. In early June, the Peruvian police captured the guerrilla group's top military commander, Osman Morote, in a combination of intelligence work, good fortune and a glaring "act of guerrilla security measures."

Mr. Morote, long Mr. Guzman's closest collaborator, was arrested with four others and more than 40 notebooks detailing the group's organization and internal debates.

"Guzman had to make a public appearance to shore up morale and reassure cadres and followers that

someone was in command of the apparatus," said Federico Velarde, a political analyst.

Although Mr. Guzman may indeed have broken his silence because of Mr. Morote's capture, the interview was also a natural step for the guerrilla leader, given the higher public profile his movement has taken for the last year.

Previously, Shining Path looked down on political activities that were not directly linked to armed struggle.

Shining Path formally calls itself the Communist Party of Peru, although it disclaims any international Communist affiliation.

Its members are now battling both the ruling American Popular Revolutionary Alliance and the socialist United Left coalition in unions, university student bodies, and shantytown organizations.

In April, Shining Path joined a coalition of radical students that won student elections at San Marcos University, the oldest and largest in the country.

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INTERNATIONAL Herald Tribune

Bush and the Gender Gap

At times this week, it has appeared that every third person at the Republican convention in New Orleans is named Bush. Here is a daughter-in-law named Columba who was born in Mexico. There is a daughter nicknamed Doro who just turned 29. One son after another speaks out, at the microphone of one state delegation or another, on behalf of "the finest father in America." Where have they come from all of a sudden? To watch George Bush accept his party's nomination was to watch George Bush break out of a cocoon of privacy that the vice president has, through the Reagan years, spun around his family and personal life. Now, his nomination duly ratified, he is ready to put himself and family on display. It's probably only a minute too soon if Mr. Bush is to avoid plunging through the crevasse called the gender gap.

Texas: Mr. Reagan's "judicious use of personal revelation accounts, in part, I suspect, for the fact that even his opponents profess to like him as a person. . . Television speaks not to crowds but to individuals; accordingly, it is suited to self-disclosure." Mr. Bush now professes repeated and engaging self-disclosure, yet other likely sources of the gender gap remain. One concern is that of special concern to women, notably reproductive rights. Another is about economic issues of general concern, to which women respond more intensely than men. These are what Linda DiVall, a Republican pollster, calls "new family issues" — like the cost of adequate day care, of health care for aged parents, of college. Republicans, she contends, have to fight the stereotype that only Democrats can handle these issues. Mr. Bush has offered an inventive child care proposal for poor parents, a tax credit of \$1,000 per child. Likewise, the Bush camp contends, the choice of Dan Quayle to run with Mr. Bush will help close the gender gap. After all, when Mr. Quayle won re-election to the Senate in 1986, he was as popular among Indiana women (58 percent to 40) as men (56 to 41). But that finding, from one exit poll, ignores the distress, even anger, aroused among even some loyal Republican women by the party's new platform. It insists, just as in 1984, "That the unborn child has a fundamental individual right to life which cannot be infringed." In other words, given a choice between saving the fetus or the mother, the mother must die. After the platform vote, many loyal Republicans waited eagerly for assurance that George Bush rejects such dogmatic harshness. They did not receive it in the choice of Mr. Quayle, whom women's groups regard as a consistent foe of reproductive rights and women's rights in general. Although Mr. Bush's family is undeniably appealing, closing the gender gap will require opening up policy, not just privacy. — THE NEW YORK TIMES.

Safety at Savannah River

For a few seconds last week, one of the U.S. government's nuclear reactors ran out of control. Instead of shutting it down immediately, its crew, in violation of safety rules, compounded the danger by continuing to run it. Fortunately, the episode ended without further malfunction. But it gives new force to all the old questions about safety standards in the government's nuclear operations. This reactor was one of three at the Energy Department's Savannah River plant in South Carolina that produce the plutonium and tritium for nuclear weapons. These reactors were built more than 30 years ago, and have been showing their age. In this decade they have been worked very hard to supply the Reagan administration's military buildup. Unlike the civilian reactors that generate electricity for the utilities, these machines are not subject to safety enforcement by the Nuclear Regulatory Commission. The Energy Department is both the operator and safety regulator, creating a conflict of interest that can usually be counted on to make trouble. After the Chernobyl disaster in the Soviet Union two years ago, the Energy Department asked the National Academies of Science and of Engineering to carry out a study of safety in the weapons reactors. Their report, published last fall, concluded that the government has not been addressing the needs for maintenance and modernization resulting from age and wear. Managers at the plants had evidently been

pressing for safety improvements that the department rejected because of budget constraints. The study described the department's safety oversight as "ingrown and largely outside the scrutiny of the public." To correct that, the study recommended a committee of outsiders working largely in public. Senator John Glenn of Ohio had introduced legislation earlier that came to the same point. With meanness rising, Congress wrote the Glenn provision into this year's defense authorization bill. But since President Reagan has vetoed the bill for unrelated reasons, progress toward tighter safety rules is at least temporarily blocked. It is fair to ask whether an advisory commission alone will suffice. Another possibility would be to put the government's reactors under the same NRC that regulates the utilities' reactors. The administration adamantly resists that idea. One reason, perhaps, is that the NRC has shown that it will shut down a substandard plant until improvements are completed. It might cost billions of dollars to bring the Savannah River plants up to NRC standards and, meanwhile, they would be out of production. The department has announced plans to build one, and perhaps two, new weapons reactors. But they are still years away. Meanwhile, as last week's incident demonstrated, there is solid reason for the anxieties about the present conditions at Savannah River. — THE WASHINGTON POST.

PLO: A Choice, a Chance

Can the Palestine Liberation Organization step into the breach opened by King Hussein's official detachment from the West Bank and transform itself into an acceptable negotiating partner with Israel? Yes, if it renounces terrorism and explicitly recognizes Israel's right to exist. No, if it offers less. And no, as far as some Israeli leaders are concerned, if it pushes too far and declares itself to be a provisional government. According to reports, the PLO finally seems to be wrestling with these choices. It is up to the PLO to present a position that the majority of Israelis will find reasonable. Otherwise, and this is the reality, Israelis will not find the courage to go to the negotiating table with an organization formally dedicated to its destruction — whatever the justice in the PLO cause and whatever the support the PLO has among Palestinians. For years the PLO chairman, Yasser Arafat, has played a devious, self-injuring game. In private, he has indicated his readiness to

accept Israel and its need for secure borders as affirmed in UN resolutions. Publicly, he and other PLO leaders say otherwise. Palestinians who dissent put their lives at risk. In June, Mr. Arafat's close adviser, Bassam Abu Sharif, circulated a document that seemed to best the best of equivocation. Said to be an official document, it recognized Israel and called for a Palestinian state living in peace with the Jewish state. But leading PLO officials quickly disowned the document. So back to square one — to the relief of those Israelis who oppose any concessions to Palestinians. A lesson of four decades of Arab-Israeli conflict is that gestures matter. When Anwar Sadat flew to Jerusalem to face the Israeli parliament in 1977, he exacted no preconditions or private understandings about returning Sinai to Egyptian control. The journey was the message, and Mr. Sadat's courageous visit brought even many of Israel's most hawkish leaders to accept the Camp David negotiations and accord. Without an equivalent gesture by Palestinians, there's little immediate hope for breaking the deadlock over the West Bank. The eight-month uprising by Palestinians has dramatized frustrations and injustices without opening any diplomatic tracks. King Hussein finally tired of this situation and the negotiating deadlock and formally ceded Jordanian claims to the West Bank. The challenge from Hussein coincides with pressure from West Bank Palestinians for an end to sterile rejectionism by the PLO. For the first time, Mr. Arafat is under pressure from the people he purports to lead. West Bank Palestinians have every right to expect the PLO to adopt a respectable position — and every reason to reject Mr. Arafat if he fails to grasp the moment. — THE NEW YORK TIMES.

Other Comment

Moscow's Brezhnev Dilemma

Although the Kremlin has not renounced the Brezhnev Doctrine, the principle that it has the duty to defend socialism in Eastern Europe, it has, de facto, broadened the definition of what can be tolerated. However, should the peoples of Eastern Europe one day take literally all the talk in Moscow about reform and democratization, then Brezhnev's successors will have to take a firm stand and decide whether to allow heresy and possible apostasy, or to intervene. — The Neue Zürcher Zeitung (Zurich).

And Aquino's: Don't Trust the Press

MANILA — Few modern leaders have come to office with better press relations than Corason Aquino. Her ascent to power in 1986 was a triumph over a press that was in search of a hero. Ferdinand Marcos was everything bad; Cory Aquino was everything good. Unfortunately, everyone did not five happily ever after. The cold realities of managing a chaotic, desperately poor nation have taken their toll on Mrs. Aquino. She no longer holds press conferences and rarely grants interviews. Her press secretary, a former journalist, berates reporters for allegedly unsympathetic coverage. Last Saturday, her vice president, Salvador Laurel, a nearly discredited politician, formally broke with her coalition after months of calling on Mrs. Aquino to resign and fuming over what he said was rampant corruption and the government's poor response to the Communist insurgency. Mrs. Aquino's response was to call a last minute press conference at which she refused to answer questions, and instead announced an insignificant oil-price decrease. She did not answer Mrs. Laurel's charges nor with him good relations. Instead, she said she had always been willing to call on his support in times of crisis but that he would never help her. The entire affair degenerated into a political spat. This bunker mentality is taking its toll. Reporters covering Mrs. Aquino's rise were perhaps too friendly with her young government. They reported that the years of corruption and brutality could be washed away over night. When that did not happen, when they began questioning Mrs. Aquino's apparent indecisiveness,

OPINION

Prague's Invasion, 20 Years Ago, Is Haunting Gorbachev

By Alexander MacLeod

LONDON — The night Soviet tanks rumbled into Czechoslovakia 20 years ago is widely thought of, in the West, as marking the birth of the Brezhnev Doctrine: the rationalizing of military intervention in the affairs of "fraternal" Communist states. But in Eastern Europe, there are quite different perspectives on that exercise in naked force which cut short the Prague Spring. For the present Soviet leader, Mikhail Gorbachev, these perspectives are a major problem as he tries to shepherd Moscow's allies down the road to glasnost. Inside the Soviet bloc, few were really surprised that on Aug. 20, 1968, Moscow sent its divisions in to deal with Alexander Dubcek. After all, 12 years earlier, the Hungarian revolt had been extinguished in similar style. What dismayed Mr. Dubcek and his colleagues, as well as the leaders of regimes elsewhere in Eastern Europe, was Brezhnev's privately stated reason for his invading Czechoslovakia. They had expected him to argue that intervention was necessary to preserve Czechoslovak communism. Instead, he made it plain to them that the real reason was to preserve Moscow's imperial power. At the time, the West did not know this. All we had to go on was Soviet public statements, and it took the Kremlin more than a month to come up with a theory "justifying" the invasion. At last, on Sept. 25, Pravda said: "The peoples

of the socialist countries and the communist parties have and must have freedom. . . However, any decision of theirs must damage neither socialism in their own country nor the fundamental interests of other socialist countries nor the worldwide workers' movement. . . Every communist party is responsible not only to its own people but also to all socialist countries and to the entire communist movement." This labored message was intended not as a warning to East European governments that might have been tempted to emulate the Czechoslovak reformers but as a reassurance to the West that Brezhnev was not in an aggressive mood. He had merely been dealing with a "family matter." In reality, the Kremlin's most important message already had been delivered: to Mr. Dubcek and his companions, behind closed Kremlin doors, a few days after the invasion. Zdenek Mlynar, the former secretary of the Czechoslovak Communist Party, who was present as Brezhnev spoke but now lives in the West, has said that the Soviet leader told them there was essentially only one reason for Moscow's action. "During the war," Brezhnev said, "our soldiers fought their way to the Elbe, and that is where our real Western borders are today." In other words, Mr. Dubcek and the other reformers paid the penalty not for stray-

ing from the ideological fold but for threatening to erode Moscow's imperial frontier. Thus, while the West was reacting angrily to the invasion and expressing alarm about an unwelcome new departure in Soviet foreign policy, word of Brezhnev's explanation was spreading through the Soviet empire. Ever since, following the Brezhnev lead, leaders of the Communist bloc have been inclined to pursue policies based not on ideology but on coldly calculated self-interest. As he struggles to push the frontiers of reform into Eastern Europe, Mr. Gorbachev is handicapped by the lesson Brezhnev imparted two decades ago to leaders of the Soviet bloc who are, in the main, still in power today, and still deriving inspiration from Brezhnev's formulation. Rulers such as Erich Honecker of East Germany and Todor Zhivkov of Bulgaria can see little reason why the self-interest of their own regimes should not remain paramount as Mr. Gorbachev presses them, in the spirit of glasnost and perestroika (mere ideologies), to accept public criticism and to loosen their economic systems. General Wojciech Jaruzelski of Poland and Karoly Grosz, Hungary's new leader, each heads a country in which elements of the new doctrines are already in effect, anyway. They believe they have no real need to listen too

seriously to what — to them — just another Communist power-player is telling them. Moreover, the savage termination of the Prague Spring tells East Europe's leaders something about the high risks Mr. Gorbachev is running and about the dangers of their marching too enthusiastically to his tune. If Mr. Dubcek was the victim of Soviet imperialism, could not today's apostle of reform himself be given the same treatment by conservatives — such as his No. 2, Yegor Ligachev — who plainly do not believe the current Kremlin dogma? Why be too keen to follow Mr. Gorbachev's example: he could go the way of Mr. Dubcek. So in the capitals of Eastern Europe this weekend the Soviet invasion of Czechoslovakia will be remembered not as the birth of the Brezhnev Doctrine, as in the West recall, but as the time when the Kremlin's claim to be the guardian of Marxism-Leninism was finally exposed, by no less than the leader of the Soviet Union, as a fraud and a sham. What mattered, he told them, was self-interest and the exercise of power and guile. The real Brezhnev Doctrine, as Mikhail Gorbachev has begun to learn only too well, is that cynicism is czar.

The writer, the former foreign editor of The Sunday Times, is moderator of the BBC public affairs program, The World Tonight. He contributed this comment to the International Herald Tribune.

U.S., for Better or Worse, Is Still the Key in Angola

By Jonathan Power

LONDON — The United States, thirteen years on, seems to be at last giving up its goal of toppling the government of Angola. It is this move, implied but not yet formally stated, which has provided the key with which to start unlocking the door to negotiations over the future of Angola and its neighbor, the South African-occupied territory of South-West Africa, or Namibia. Next week the United States, Cuba, Angola and South Africa will sit down for another round of talks. Yet without further major changes in the U.S. position, these talks are probably doomed to failure. Washington has made too many mistakes for too long. The first, and most important, was in 1975. Portugal had decided the year before to wash its hands of its colonial charges and agreed to negotiate handing over Angola to the three rival independence movements: the Popular Movement for the Liberation of Angola, or MPLA, which is now the government; the National Front for the Liberation of Angola, or FNLA, which is now defunct; and Jonas Savimbi's National Union for the Total Independence of Angola, or UNITA, which today is funded and armed by South Africa and the United States. To general surprise, the three groups agreed on a form of power sharing, to be followed by elections. But the Ford administration decided to secretly work to undermine the settlement. But in January 1975, only days after the agreement with Portugal was signed establishing a transitional government, the CIA sent \$300,000 in cash, plus long-term credits to the FNLA, which used the money to launch an all-out attack on the MPLA. The U.S. secretary of state, Henry Kissinger, fearing the MPLA's ideological bias toward Moscow and Havana, had talked President Gerald Ford into the clandestine venture. The sequence of events was inevitable. The CIA payment, made without the knowledge of the U.S. Congress or public, was soon known to the Soviet Union. It quickly resumed large scale arms shipments to the MPLA and, in March, the Cubans sent in 230 advisors. The United States responded by sending in much larger amounts of covert support — \$28 million in all — to both FNLA and UNITA. At this time, together with CIA operatives.

Then the South Africans, thinking they had Washington firmly on their side, crossed into Angola on Aug. 9. The MPLA, under siege, called in the Cubans and their first battalion of troops arrived in September. In October, the South Africans launched an all-out drive on the capital, Luanda. It was then that the large-scale Cuban airlift began, and with the Cubans behind it the MPLA managed to turn the campaign back in its favor. Mr. Ford said Cuba had committed a "flagrant act of aggression." Congress did not see it so simply and Senator Dick Clark of Iowa rammed through an amendment outlawing any more clandestine aid to UNITA and FNLA, a law that stayed the American hand until President Ronald Reagan managed to win its repeal in 1985. President Jimmy Carter's approach was to concentrate U.S. attention on Namibia, the country between Angola and South Africa that Pretoria rules illegally. Mr. Carter believed that if South Africa could be persuaded to give independence to Namibia it not only would end Pretoria's lengthy occupation, it would make it more difficult for the South Africans to intervene in Angola. And that would make the Cuban presence less necessary and a peace settlement more likely. The Reagan administration did not see it that way. It picked up where the Ford administration had left off. From then until very recently, the South Africans were encouraged to re-link Namibia's future with that of Angola. A new South African demand, but U.S. initiated, was thrown on the negotiating table: no Namibian independence until the Cubans leave Angola. For eight years Washington has again given military support to UNITA. Havana and Pretoria have escalated their involvement to the point where there are now more than 57,000 Cuban troops in Angola, compared with about 30,000 eight years ago. And in the last year direct fighting between the Cubans and the South Africans has become a regular occurrence. All that Mr. Reagan's old policy has produced is more war. Slowly during 1988, as confronted with evidence of a failing strategy, U.S. policy has undergone a discernable change. While military aid is still being funneled to UNITA, the United States has increasingly distanced itself from South Africa and its effort to overthrow the Angolan government. By resisting the temptation to

All that the old policy has produced is more war; only mediation has a hope of success.

take a public stand against the rapid buildup of Cuban troops the last six months, it has delivered an implied rebuke to South Africa. It was this that brought Pretoria back to the negotiating table three months ago. So, another round of talks is to be held next week. But without even further changes in the U.S. posture, the South Africans are unlikely to be forthcoming to the point where a settlement is truly conceivable. They are still linking their withdrawal from South-West Africa to a fast Cuban withdrawal from Angola. And they have entered other reservations about the type of elections they'd agree to in South-West Africa, and about the impartiality of the United Nations, which is supposed to supervise the elections. But this is just more of delaying tactics, which the United States must now attempt to end. It must cut off its support for UNITA. It must tell South Africa that Namibian independence should not be linked to the Cuban presence in another country. It should put its weight behind the passage of the tough sanctions bill now being debated in Congress, making it clear it will seek its repeal if there is a settlement in South-West Africa. Finally, it should work separately on the problem of the political rivalry inside Angola, mediating rather than taking sides.

It is rather than partisan-ship in Angola that will be the way to get rid of Cuba's troops. That was Jimmy Carter's tactic, and it almost worked. It can work if the United States can be dogged, principled and non-interventionist, all in a breath. International Herald Tribune. All Rights Reserved.

100, 75 AND 50 YEARS AGO

1888: Cholera Discovery

PARIS — The Academy of Science was packed in every corner by all the scientific nobilities in Paris yesterday [August 19], when Mr. Pasteur rose to read his promised communication on the reported discovery of a preventive of cholera. The illustrious scientist seemed fatigued and he read the paper which he carried in a low and often hardly audible voice. The discovery proves to be a faithful and direct deduction from Dr. Pasteur's system which has given such striking results in the treatment of cholera and in the prevention of rabies.

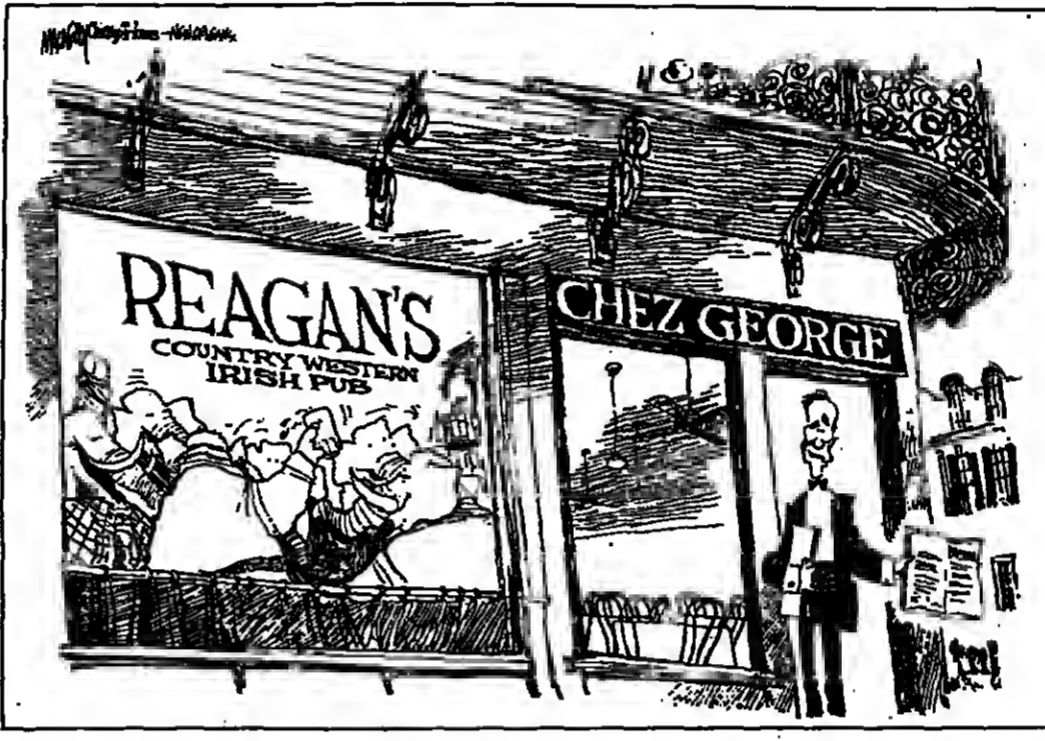
1913: A Political Dream

NEW YORK — Senator Benjamin R. Tilman, of South Carolina, attacked women's suffrage in a speech in the U.S. Senate yesterday [August 19], and declared that the movement is afflicted with the growing divorce evil. "It is a beautiful dream," he said; "that female suffrage will purify poli-

tics, but the vital thing to consider is the effect of the suffrage on the women themselves. We had better endure the evils of political corruption than have politics degrade our women. I believe that woman's goodness and usefulness vary inversely as the extent of her participation in politics. I believe she will improve politics, but ultimately political will destroy her as we know and love her."

1938: Jerusalem Clash

JERUSALEM — Three British soldiers, two members of the Royal Air Force and five Arab terrorists were killed near Acre last night [August 18] in the largest military operation since the outbreak of violence began. Backed by six airplanes, troops of the Manchester and Essex Regiments went into action against a band of well-armed Arabs who were the way entrenched. The Jews were strongly followed the Arab terrorists fighting on the soldiers as they were returning from a punitive expedition in Shaab.



Bush's Message: Just Trust Me, Folks

By A.M. Rosenthal

NEW ORLEANS — Two strange things have taken place at the Republican convention, and they may tell us more than we care to know about American politics — and about ourselves, too. First, George Bush informed the American people that if he is elected president, he will in office their next president would be a man far from the vast majority of those Americans never would have voted. For the excellent reason that they have never heard of him. Mr. Bush took it upon himself to tell the country not to worry its pretty head about the qualifications of Senator J. Danforth Quayle to be president. Just leave that sort of thing to me, he said; trust me. Now, Mr. Bush is normally a modest and courteous man, but here he was standing in the sun in New Orleans insulting the intelligence and adulthood of Americans. Maybe the reason was that everybody was telling him to act like a president. Maybe Mr. Bush will be lucky and Dan Quayle will turn out to be a peppy leader. But the point is that right now we do not know — and neither does Mr. Bush. Mr. Quayle is no better qualified than most of the 100 senators as a potential president and a lot less than many. Mr. Bush's trust-me hunch is as comforting as Mrs. Reagan's astrology. The saddest thing is that it showed that all the talk about the importance of character in a president or vice president was tossed aside in a sentimental slip. We know nothing of Mr. Quayle's true self, and with all respect to his mother, her endorsement is just not enough. We do not know whether he has the magnificent fort-

itude that enabled Robert Dole to pull a war-racked body together and surmount the pain he must live with. We do not know whether he has Jack Kemp's adventuresome mind or the wit and sophistication of Alan Singsper or the even-tempered attraction of Howard Baker. But Mr. Quayle has an attraction for George Bush that seems stronger than matters of character and experience. Mr. Bush thought Mr. Quayle would not present any of the problems that the others would bring because of the very fact that they were experienced, accomplished and known to the public, not blank tablets on which to write. Obviously Mr. Bush picked the young senator from Indiana because he thinks he will never be a pesky competitor, but will help Mr. Bush with the young. Of course, it could work the other way around. Young people might be annoyed by the condescending thought that they will vote for a candidate's birth certificate. Well, maybe by the time election day comes around vice presidents won't seem important and we will vote just on whether we think Mr. Bush or Mr. Dukakis can do the most for us or the least to us. But, meantime, we can give ourselves the dignity of being indignant. Maybe the qualms about Mr. Quayle and his first collar, stumbling appearances in New Orleans will teach presidential candidates something: that they should do a better job of earning their own motivations for choosing a partner. And, perhaps one day, convention delegates will do more than graze on the meadow. The New York Times.

tion. This also backfired. Chino Roces, the 75-year-old dean of Manila newspaper publishers, the man who led the petition drive in 1985 that was instrumental in persuading Mrs. Aquino to challenge Mr. Marcos, was invited the next day to the palace to receive a Legion of Honor award. In his remarks, Mr. Roces assailed continuing corruption in government and stung the president when he said: "A new moral order is best appreciated in terms of our response to graft and corruption in public service. We cannot afford a government of thieves unless we can tolerate a nation of highwaymen." No one, least of all Mr. Roces, is calling Mrs. Aquino a crook. Far from it. But even some of her strongest supporters now feel that she may not know what is going on. When she took office, Mrs. Aquino said her government would be "transparent," and after the secretary and deputy secretaries of the Marcos years, Filipinos believed her. But now, the government is looking increasingly opaque. Mrs. Aquino can still resurrect that era of good feeling; there is a reservoir of sympathy among most reporters covering the Philippines. By becoming more accessible and communicative, she could set a tone that would pass down into cabinet departments and the military. Whether she likes it or not, the press is the best avenue for Filipinos, and others, to see and judge the ability to govern of a crucial historical figure. The writer is the Manila correspondent for the San Francisco Examiner. He contributed this comment to the International Herald Tribune.

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JAY COLLINS

Afghan Chiefs Think Zia's Death Will Hurt Rebels

By Richard M. Weintraub
Washington Post Service



Workers in Islamabad digging the grave Friday for General Zia, who will be buried Saturday after his death in a plane crash Wednesday. U.S. and Pakistani experts are investigating the C-130 crash.

KABUL, Afghanistan — Afghan leaders say they believe the death of President Mohammed Zia-ul-Haq of Pakistan will help them in their fight against rebel forces long supported by Pakistan and the United States.

In formal statements, the Afghan leadership expressed its regret over the plane crash on Wednesday that killed General Zia as well as Arnold L. Raphael, who was the U.S. ambassador to Pakistan, and 39 others, including several Pakistani and U.S. officials. The statements were muted, however, and Afghans loyal to the government in Kabul have shown no remorse at

the removal of a longtime, bitter foe.

President Najib of Afghanistan went on television during the night-night news broadcast Thursday to express his regret over the "tragedy" and his hopes for better relations with Pakistan in the future.

On Friday, the Afghan prime minister, Mohammad Hossain Sharq, elaborated on the theme in an interview. "We Muslims are never happy with the sudden death of any other person," he said. "But whoever follows President Zia will undoubtedly take a more open approach to Pakistan's neighbors."

General Zia was viewed by Afghan leaders as a religious zealot who was unpopular with his people and who used the Afghan war and

his support for the predominantly Islamic resistance movement as a way to keep his hold on power.

The Afghan leaders say they believe General Zia's policies did not have widespread support. They also say they believe that if elections in Pakistan bring a civilian government to power, it will undoubtedly shift its support from the Afghan rebels — at least to a degree — and be more willing to accommodate the government in Kabul.

It came as no surprise to the Afghans that sabotage was suspected in General Zia's death, although the Afghans were quick to reject suggestions that they had anything to do with the crash.

"The incident took place a long

way inside their country," Mr. Hassan Sharq said in an interview in Kabul. "It is possible some sabotage was involved. Governments not supported by the people always face such dangers."

Mr. Hassan Sharq said he hoped now that General Zia was no longer a factor in the Afghan conflict, the United States would reassess its policies in the region. Although in recent weeks other Afghan leaders have carefully avoided including the United States in their denunciations of Pakistani actions, Mr. Hassan Sharq abruptly shifted that stance Friday, perhaps in an effort to influence what he hopes will be a new civilian leadership in Pakistan.

"Pakistan was induced by other countries to get involved in Afghanistan," he said. "If other countries that were pushing Pakistan continue to do the same now, may-

be Pakistan will not change. It depends on the countries pushing them."

Among the Western diplomats who follow the Afghan conflict closely, there appeared to be a consensus that General Zia's death would clearly have a major impact on the conflict.

Najib's Brother Is Refugee

The brother of President Najib has been granted refugee status by the United States, according to the U.S. State Department, Reuters reported from Washington.

Phyllis Oakley, the department spokesman, said Sediqullah Rabi, arrived in the United States with his family this week. Another official said that Mr. Sediqullah's request was handled quickly because of "credible threats against him from the Afghan regime."

2 Koreas Agree to Continue Talks

Committee that teams from the two Koreas march side by side at the opening Olympic ceremony.

Mr. Park said in his keynote speech that since the Olympic Games were imminent, it was difficult to envisage a compromise solution to the demand that there be co-hosts.

"Under the circumstances, the only way for the two sides to cooperate with each other in the cause of the 24th Olympiad is for our athletes to take part in the Seoul Games together with our athletes," he said.

The aim of Friday's encounter, the first direct contact between the hostile sides since 1985, was to set up a full-scale meeting later this month in the northern capital, Pyongyang, to explore both the Olympic problem and national reunification.

The northern delegates insisted that the full meeting be attended by all 655 members of North Korea's Supreme People's Committee, the 299 members of the South Korean National Assembly and 100 representatives of all walks of life on the peninsula.

"This kind of format is necessary to help reflect the will of the people better," Mr. Chun said.

The South, calling the northern proposal "inefficient and unproductive," insisted on 20-person representative delegations.

"You will feel that even today's meeting of only five-man delegations is making little progress," Mr. Park told the northern delegates. "How can a meeting of more than 1,000 delegates produce an agreement?"

Both sides spent much time wrangling over North Korea's proposal that the full talks discuss a joint declaration of a nonaggression pact.

The South said such a pact should be dealt with by the two governments, not parliaments.

BURMA: A New Leader

(Continued from Page 1)

Kha's speech would probably disappoint the students, workers and members of the middle class who have continued to demand an end to 26 years of one-party rule.

"One Western diplomat said, 'Some students are already calling for a national strike on Monday.'"

He said Maung Maung Kha "obviously is not acceptable to the more extreme elements among the demonstrators."

Rangoon radio said Friday that the People's Assembly had set up a commission to consider ways of meeting the "economic, political and social wishes of the people."

The commission, headed by Chief Justice Tin Aung Hein, has been ordered to make its recommendations by the end of September.

On Friday, diplomats reported a peaceful demonstration by tens of thousands of students, doctors, monks, lawyers and teachers in the northern city of Mandalay and a meeting of several hundred people at Rangoon General Hospital, a rallying point for resistance.

GULF: Errors Are Cited

(Continued from Page 1)

takenly believed a military electronic transponder signal was being emitted by the passenger plane. Investigators say they believe it was actually picked up from a military plane on a runway at Bandar Abbas, 51 miles (83 kilometers) away.

The second major mistake was an operator's report that the aircraft was descending rather than climbing, as a later review of the Vincennes' tapes indicated.

Investigators were unable to determine why the operator misread the digital numbers showing the altitude of the plane, but speculated that in the confusion he might have mistaken the range reading for the altitude reading.

The investigation confirmed earlier reports that the plane was inside the prescribed commercial route, not outside as first reported.

Mr. Carucci also said confusion in the ship's combat information center, or CIC, might have made some of the men in the room more susceptible to making mistakes.

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STRIKES: Poles Join Forces in Growing Unrest

(Continued from Page 1)

Adam Kowalczyk, said that about 1,000 miners were occupying the colliery, bringing the total number of strikers in Poland to around 13,000.

Czechoslovak Anniversary

Czechoslovakia intensified a propaganda campaign and strengthened police presence on Friday for this weekend's 20th anniversary of the Soviet-led invasion that crushed the "Prague Spring" reform movement, Reuters reported from Prague.

Human rights activists announced plans for protests in Wenceslas Square, where Soviet tanks assembled after the invasion, and at other points in Prague.

identity papers of some pedestrians and periodically stopping cars.

Czech and Slovak television viewers saw a rare glimpse of film footage showing Alexander Dubcek, the reformist Communist leader toppled after more than half a million Warsaw Pact troops entered the country on the night of Aug. 20, 1968.

The sight of Mr. Dubcek came in a 90-minute program denouncing his reform movement.

Three spokesmen of the Charter 77 human rights movement plan to deliver a copy of a protest statement marking the anniversary to

Police reinforcements were brought into the area in and around the square on Friday, checking

U.S. shippers use ethylene gas to darken the skins of fruit that has not had enough time to soften or fully ripen.

"Right now everything you buy in the store was picked green," said Alan Bennett, a plant geneticist at the University of California at Davis.

"That's so they could pick it when it was a nice hard green baseball," he added, noting that unripened produce is resistant to rough handling during shipping.

The calcium process is fairly simple by genetic engineering standards.

"What we've done in a sense is a mutant experiment," said Mr. Hixson.

About 20 years ago, he said, scientists determined which one of the 100,000 or so tomato genes was responsible for softening. The gene

produces a messenger RNA that in turn produces the enzyme that breaks down pectin within the fruit, leading to softening of the cells.

Applying techniques used in genetic engineering work on bacteria and animals, a team of nine scientists created a mirror image of the original gene that, when inserted into the plant, produces a second messenger RNA that prevents the original messenger RNA from producing the enzyme.

According to Mr. Hixson, the new plants may not need approval from the federal government.

"The genetic change is very minute," he said, "so hypothetically any changes that result should be minimal, and we're in the process of proving that."

The company does not expect consumers to see the new tomatoes until at least 1992.

You Karajan, III, Misses Appearance at Salzburg

SALZBURG, Austria — Herbert von Karajan, conductor of the Berlin Philharmonic Orchestra, was suffering from circulatory problems Friday and was unable to conduct at the annual Salzburg festival, the organizers said.

Hot temperatures coupled with the lack of air conditioning in the festival hall were blamed for his illness. The conductor, 80, was resting at his home in Amf, a Salzburg suburb.

GROW: Tinkering With Tomatoes

(Continued from Page 1)

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Frederick Ashton, Choreographer, Dies at 83

LONDON — Sir Frederick Ashton, 83, the choreographer who developed the distinctive style of British classical ballet, has died.

A spokesman for the Royal Opera House, Covent Garden, said Sir Frederick died on Thursday night at his home in Suffolk, England.

Sir Frederick died much to develop a distinctively British balletic style characterized by elegance, lyricism and graciousness.

He was born in Gusaquil, Ecuador, on Sept. 17, 1904, to English parents living abroad. A few years later, the family moved to Lima, where he lived until he went to school in England at age 15.

His interest in dance was stirred by a performance in Lima in 1917 by Anna Pavlova's ballet company, and by a London modern dance program by Isadora Duncan in 1921.

His own dance career began in 1922 when he learned that Leonide

Massine, one of the choreographers of Diaghilev's Ballets Russes, was teaching in London.

In the 1920s, he studied with several teachers, the most important being Dame Marie Rambert, a former member of the Diaghilev Ballet who had settled in London. She encouraged him to choreograph his first ballet, "A Tragedy of Fashion," a sketch presented in 1926.

Hoping to widen his knowledge of ballet and the world, he moved to Paris in 1928, where he joined the Ida Rubinstein Ballet, for which Bronislava Nijinska was choreographer.

He returned to the Rambert company in 1929. Although its ever-demanding director called him "bone lazy," he nevertheless choreographed more than 30 works in the next five years, among them "Capriol Suite," "Façade" and "Les Rendezvous," all of which are still performed.

Sir Frederick was invited to New

York in 1934 to choreograph "Four Saints in Three Acts," an opera with music by Virgil Thomson and text by Gertrude Stein that is remembered as one of the legendary collaborations of the 1930s.

Back in England, Sir Frederick joined the company then known as the Vic-Wells Ballet, a troupe directed by Dame Ninette de Valois that later became the Sadler's Wells Ballet and, still later, the Royal Ballet.

The coming of World War II disturbed him greatly and inspired several ballets involving struggles between good and evil, including "Dante Sonata" and "The Wise Virgins."

From the late 1940s onward, he choreographed such works as "Scènes de Ballet," "Cinderella," "Sappho and Chloë," "Candide" and "La Fille Mal Gardée."

Many of his ballets for the Royal Ballet starred Dame Margot Fonteyn, whose limpid dancing style made her ideally suited to his choreography.

When Dame Margot established a partnership with Rudolf Nureyev, Sir Frederick choreographed "Marguerite and Armand" for them, a retelling of the "Camille" story that became one of their most popular vehicles.

Sir Frederick, who was knighted in 1962, succeeded Dame Ninette as director of the Royal Ballet in 1963, holding that post until 1970.

A skilled character dancer, he was admitted as the sorcerer in "Firebird," the witch in "The Sleeping Beauty" and one of the Ugly Sisters in his own "Cinderella."

After retiring as director of the Royal Ballet, Sir Frederick continued to choreograph, his creations ranging from brief diversions to "A Month in the Country," inspired by Turgenyev.

On April 19, 1983, his "Varii Capricci" had its world premiere at the Metropolitan Opera House during a New York engagement by the Royal Ballet.

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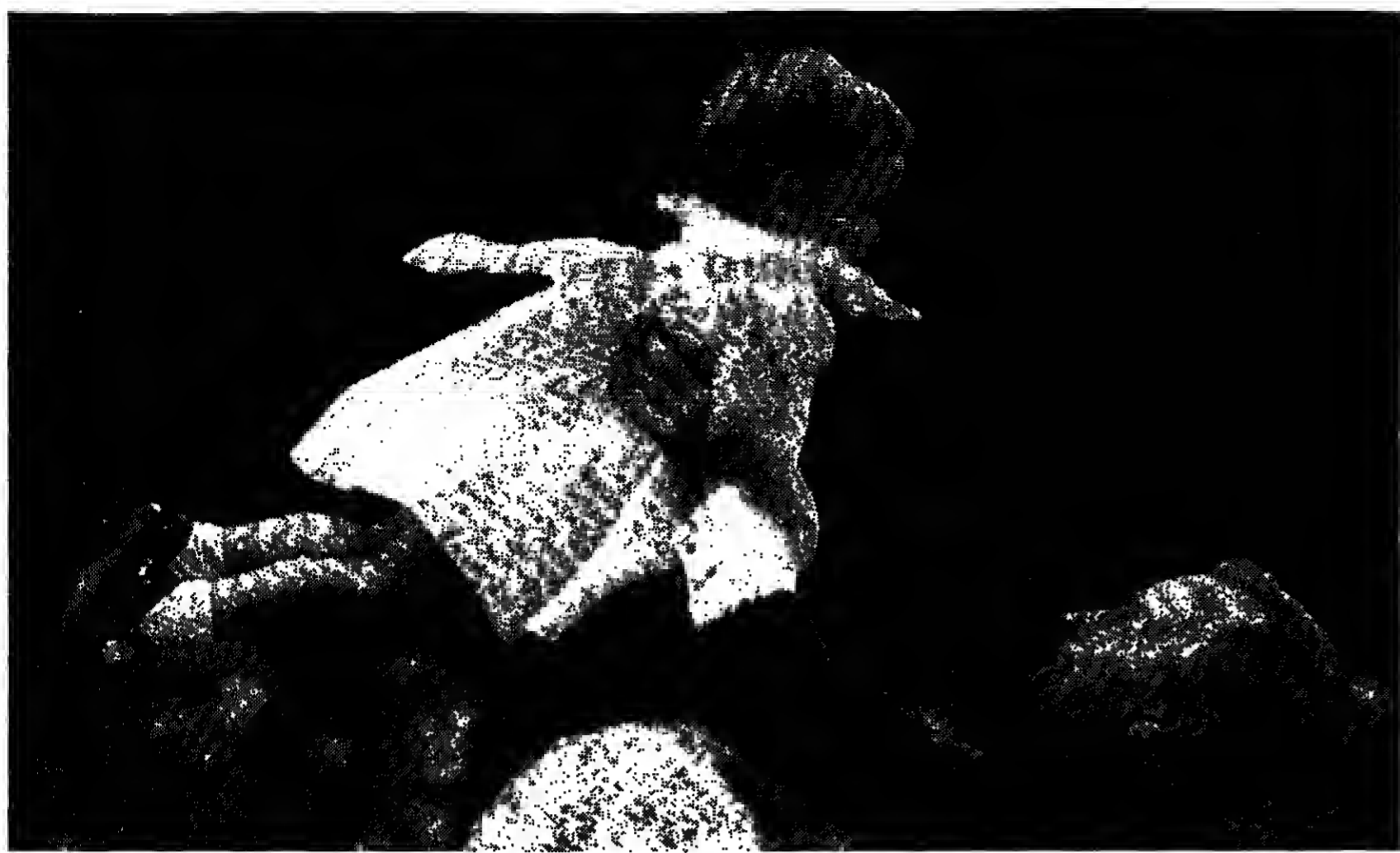
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THE REPUBLICANS IN NEW ORLEANS: Bush accepts nomination amid intense controversy over Quayle



Mr. Bush giving his granddaughter Nancy a spirited lift as he celebrates on the podium of the convention on the night he accepted the party's nomination for president.

Republican Leaders Rally to Quayle's Defense

By Thomas B. Edsall
Washington Post Service
NEW ORLEANS — Republican leaders have started to close ranks behind Dan Quayle, the vice presidential nominee, although several Republican convention delegates dissented, voicing criticism exceptionally harsh in a party known for its strong discipline.

ernor Carroll A. Campbell Jr. of South Carolina said of the controversy over whether Mr. Quayle used his family's influence to get into the Indiana National Guard to avoid being drafted during the Vietnam War and failed to disclose this to Bush campaign officials.

criticism of Mr. Quayle unfairly demanded service in the guard. "We think quite frankly that the media is trying to put the screws to him," Jewell DeBonis, an Indiana delegate, said Thursday.

day, Mr. Quayle did not address the issue except for a brief reference in his acceptance speech: "As a young man, I served six years in the national guard. And, like the millions of Americans who have served in the guard and who serve today, I am proud of it."

controversy, "There are about 10 million people in the national guard who should be offended by all of this."

QUAYLE: Help in Joining Guard

(Continued from Page 1)
cally influential family interceded to help get him into the guard. Mr. Baker and two other senior Bush aides — interviewed late Thursday on the television networks in an effort to limit damage caused by the issue — insisted that this new information did not contradict Mr. Quayle's statements a day earlier.

he added, "I don't know the specifics of that." On Thursday night, as he accepted the vice presidential nomination, Mr. Quayle said: "As a young man, I served six years in the national guard — and like the millions of Americans who have served in the guard and who serve today, I'm proud of it."

The reaction Thursday came after televised interviews and other news accounts of Mr. Quayle's military service. On Friday, during a campaign stop in Indiana, the senator said that he had sought assistance in getting into the national guard but that no rules were broken and that he would not have handled the situation any other way.

John DeCamp, a Nebraska state senator and a Vietnam veteran, said Thursday that Mr. Quayle "could be a real problem."

BUSH: A Promise to 'Fight Hard'

(Continued from Page 1)
tion isn't only about competence, for competence is a narrow ideal. Competence makes the trains run on time but doesn't know where they're going. The truth is, this election is about the beliefs we share, the values we honor, the principles we hold dear."

gating various aspects of Mr. Quayle's record in Indiana, was triply troubling: It had the potential for lasting damage to the vice president's chances; it raised questions about his approach to the selection of a running mate, the first major decision he has made in his new role; and it distracted the cameras' attention from the carefully prepared television show planned for the final evening of the 34th Republican convention.

Robert Teeter, a senior aide to Mr. Bush, said that Mr. Quayle had been asked about his military service by Bush campaign officials during the screening of potential running mates.

Clark Reed, a Mississippi Republican leader, in one of the more hard-nosed assessments, said: "I'd rather have a guy who copped out in the guard who now understands the need for military strength than a decorated veteran who has the same views as Dukakis. It sounds bad, but I'd have a lot more to say if it was someone on the other ticket."

Excerpts From Speech By Bush at Convention

NEW ORLEANS — Following are excerpts of the speech by Vice President George Bush to the Republican National Convention as he accepted the party's presidential nomination:

I accept your nomination for president. I mean to run hard, to fight hard, to stand on the issues — and I mean to win.

There are a lot of great stories in our country, but the maddening winning, and this is going to be one of them.

And we're going to win with the help of Senator Dan Quayle of Indiana, a young leader who has become a forceful voice in preparing America's workers for the labor force of the future.

In '69, the Guard Was Safer Option

WASHINGTON — At the height of the Vietnam War, many Americans tried to enlist in the national guard and the reserves of the army, the air force and the marines as an alternative to being drafted into a combat unit.

Early in the war, the Joint Chiefs of Staff recommended that reserve and guard units be called to combat duty. But President Lyndon Johnson rejected that idea twice in the 1960s.

Mr. Johnson's decision, which meant that all but a handful of guard units stayed in the United States, resulted in fierce competition for openings in the units.

There were waiting lists in many states, and although the guard enlisted some people, others were turned away. A popular suspicion at the time was that political or personal connections made the difference.

Military Records of the Candidates

NEW ORLEANS — Here, at a glance, are the military records of the Republican and Democratic candidates for president and vice president.

George Bush, Republican: Served in the U.S. Navy from 1942 to 1945 and was a carrier pilot in the Pacific. He was shot down and rescued by a submarine. Mr. Bush was discharged as a lieutenant and was decorated with the Distinguished Flying Cross and three Air Medals.

Dan Quayle, Republican: Served as a press and public information officer in the Indiana National Guard from 1969 to 1975.

Michael S. Dukakis, Democrat: Served in the U.S. Army from 1955 to 1957 and was stationed for 16 months in South Korea as part of the United Nations delegation to the Military Armistice Commission. He was discharged as a specialist third class.

A Self-Deprecating Bush Calls For 'Kinder, Gentler Nation'

By Paul Taylor
Washington Post Service
NEW ORLEANS — In accepting the Republican presidential nomination, George Bush painted a vivid self-portrait in gentle hues.

NEWS ANALYSIS

the Democratic presidential nominee, Governor Michael S. Dukakis of Massachusetts.

Mr. Bush laid out a sharp ideological contrast and a host of specific policy differences between himself and the Democratic presidential nominee, Governor Michael S. Dukakis of Massachusetts.

written that we must act as if we do not care, as if we are not moved?

Mr. Bush said he had been lucky enough to be born to wealth but that, like Presidents Theodore Roosevelt and John F. Kennedy, he had "learned a few things about life" by getting away from the circumstances of his prosperity.

These issues are close to the heart of many conservatives. Politicians sometimes use them to convey qualities of personal strength.

Both of those missions were defined for him by others, and Mr. Bush had no discomfort about presenting himself as a politician whose vision was to carry on what someone else started.

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Advertisement for 'Tasting With a...' and 'Dual-Faith' featuring a cartoon character and various text elements.

ARTS / LEISURE

Tasting Burgundy With a Specialist

By Frank J. Priol
New York Times Service

BEAUNE, France—Like most Paris restaurant owners, Jean-Claude Vrinat closes down his place, Taillevent, for a month-long vacation in August. Unlike most Paris restaurant owners, Vrinat heads not for the Côte d'Azur or Los Angeles or the Alps, but the vineyards.

He selects virtually every bottle in his vast collection himself, visiting the cellars where they are made. Recently, I spent several days in Burgundy tasting wines with him.

In all, we visited nine producers, mostly unknown to wine enthusiasts. All Vrinat's Burgundians come from small producers who prefer to find their own customers rather than sell to shippers.

The white-wine producers on our itinerary were the Domaines Michelot, Sautet and Jobard, all in the village of Meursault, five miles (eight kilometers) south of Beaune.

The red-wine producers were Jacky Confurons in Vosne Romanée; the Domaine Pernin-Rossin in Flagey-Echézeaux; the Domaine Boillot in Nuits-Saint-Georges; Barthold-Noëllat in Chambolle-Musigny; Robert Gilles-Jayer in the village of Magny-les-Villers in the hills north of Aloxe-Corton; and the Marquis d'Angerville in Volnay.

We tasted wines of the 1987 vintage still in barrels, 1986 bottled as well as in barrels, and 1985 already bottled. We also sampled a variety of older wines the producers chose to open for us, including a remarkable 1966 Meursault of Bernard Michelot's that was still vigorous and flavorful after more than two decades.

Most specialists consider 1985 to be one of the great Burgundy vintages in recent years, and our tastings tended to bear this out. We expected the 1986 to be almost as good as the 1985, and in many instances they were. The 1987 wines were a surprise because, after a year in wood (barrels, that is), they were often very attractive wines, less powerful than the two preceding years and probably destined for shorter lives, but delightful, nonetheless.

The outstanding producer of the trip was Gilles-Jayer. His wines, from the lowliest *aligotés* to the top-of-the-line Echézeaux, were a delight to sample—and difficult not to swallow, the cardinal sin for a professional taster. But Gilles-Jayer stood out only by a small margin. Pernin-Rossin, Confurons and the Marquis d'Angerville have all made remarkably good wines in recent years.

While primarily a red-wine producer, Gilles-Jayer offered both a 1987 and 1986 *aligoté*, a grape

usually thought of as a poor cousin of the noble chardonnay, the grape of all the best white Burgundies.

His version of this simple wine was a revelation. With rich fruit and a sharp acid bite, it resembled, more than anything else, a fine Chablis. Gilles-Jayer's hierarchy of red wines began with village wines from the Hautes Côtes de Beaune and the Hautes Côtes de Nuits, up through Côtes de Nuits and Nuits-Saint-Georges to Echézeaux, one of the greatest of all the red Burgundies. His 1986 and 1987 Echézeaux were truly great wines that may well outlast Bordeaux of similar quality.

Pernin-Rossin offers a variety of Vosne-Romanée, including a 1987 from 50-year-old vines that displayed an intensity not often seen in the wines of that commune.

My favorites were the 1986 Morey-Saint-Denis from the Monts-Luisants vineyard and a Richebourg from the same vintage. Both are wines of astonishing depth.

Confurons owns vines in Vosne-Romanée, Nuits-Saint-Georges, Gevrey-Chambertin, Echézeaux and the Clos de Vougeot. Here again, all the wines were extremely good. But if pressed, I would choose three 1986s: the Gevrey-Chambertin from 80-year-old vines, the Vosne-Romanée Les Suchots and the Clos de Vougeot.

Barthold-Noëllat offered a rather light group of wines, most of them from vineyards in Chambolle-Musigny. Maybe it was a matter of style and the way they suffered by comparison with the bigger, richer wines we had been tasting, but we found nothing of particular consequence at this domaine.

The Volnays of the Marquis d'Angerville were the essence of elegance. They can be light and flavorful. The 1985 Clos des Ducs, from a vineyard the marquis owns, was a perfect example of a very great Volnay: a big wine that was at the same time light in body and color.

Among the whites, Vrinat preferred the wines of Francis Jobard and I deferred to his experience. I tended to like the Michelot wines, which were open and accessible—in other words, more fully developed, more ready to drink. The Jobard wines were still closed in, masked as it were, with none of their flavors or bouquets easy to discern.

My favorite white wines of recent vintages were the Domaine Sautet's 1987 Bienvenues-Bâtard Montrachet and a 1987 Bâtard-Montrachet aged entirely in new oak casks. There is a special smoky flavor to really great Bâtard Montrachet that, once tasted, is never forgotten. And at the prices these wines will bring, it helps to have a long memory.

Bargains at an Old-Fashioned Sale

International Herald Tribune
LONDON—A highly entertaining game with just the right touch of culture can be played in Europe's most international capital.

This is buying art at auction as one used to a couple of decades ago. There was little talk of investment then. Catalogues were slim, entries terse, illustrations few. If competition was intense, prices

shot up, and if not you got what you wanted way below the estimate. The game is still played that way at Christie's South Kensington, at 85 Old Brompton Road. Even a beginner becomes instantly aware that he is walking in to a straightforward, no-nonsense selling place. The furniture is the kind one sees in middle-class British homes, from those of well-to-do families to those that have been better days. The paintings and drawings are unpretentious and include charming watercolors.

The display is strikingly different from that of the company's main rooms at 8 King St., or their competitors, Sotheby's. It begins at street level a few steps from the entrance door. You can walk straight into some of the furniture, displays as was the case Wednesday morning. The first part of the sale, rugs and decorative objects, had already started in another gallery.

There, the selling style of these unpretentious performances was illustrated at their best by Edward Dolman, a new recruit in the furniture department and an excellent auctioneer. Like most of these Christie's South Kensington sales it was conducted at top speed. In the first 10 minutes, in which more than 25 lots were dispatched, con-

tenders had the choice, among other things, between a French ornate fireplace set of a fender with chest, a Russian chess set in its folding chess-and-backgammon box and an 18th-century lacquered box with Chinese figures in gold on black.

The chimney set is an excellent example of Napoleon III rococo in the neo-Louis XV manner. At £225 (about \$380), the well-chiseled pieces, attractive with their foliage and scroll patterns, cost the buyer half the amount it would take to get them at the Paris flea market. The Russian chess set, which was given no period but must date from the opening years of the century, got two private bidders pitched against each other and ended up at £2,200, multiplying its high estimate nearly sevenfold. The lacquered box, which carried no estimate—a way of saying that Christie's expects an item to sell for less than £100—left almost everyone cold. It cost its buyer £16.50. None of these lots would ever appear at Christie's King Street—nor Sotheby's—where no lot estimated to be worth less than £350 to £400 would normally be considered.

This is not to say that the objects offered that morning were all junk from granddad's attic. Far from it. A small group of papier-mâché Victorian boxes with highly attractive patterns in mother-of-pearl and polychrome on black was of excellent quality. A tea caddy from that group, with an elegantly shaped sinuous form, was dirt cheap at £44. Later, another no-estimate lot turned out to be the sale's prize. The pair of bronze candlesticks with a fine blackish olive patina was correctly, if loosely, described as "early 19th century"—no provenance was given. Typical of the George IV period, the tapering fluted shafts rising from a calice of outcurving acanthus leaves date the pair to the late 1820s. What makes them very rare is the material, bronze instead of silver, superbly cast in the lost-wax technique.

The Victoria & Albert Museum, despite its vast holdings in metalwork, has nothing like them. The candlesticks went for £187.

It is only fair to add that in such sales, the reverse—junk going through the roof—can also be observed. Wednesdays' auction was no exception. Someone must have intensely desired a pair of bronzed spelter figures represent-

ing mariners in a nudescript style. It could be called realistic if it were not for the imaginary garb and gestulating postures. Christie's, which had given no estimate, must be grateful to the auctioneer for getting £242 out of it.

The greatest extravaganzas took place in the afternoon when the furniture came up. A dwarf chest of standard Chippendale type described as "parts, 18th century," which is not very complimentary, soared to £1,540, almost twice the high estimate. A walnut tallboy elegantly constructed, but also "parts 18th century," and requiring some restoration, fetched £5,280, probably a lot more than the amount it would sell for at Christie's King Street. This is not uncommon at Christie's South Kensington, where upper-middle-class ladies like to spend the afternoon in search of a "bargain" and a "coup."

In the last few months Anthony Coleridge, one of Christie's senior figures at Kings Street who took over as chairman at Christie's South Kensington, has been trying hard to further enhance the attractions of Christie's South Kensington. The format of the catalogues has been modified and illustrations are more lavish. The company, which is taking its small branch much more seriously now, has moved two departments from King Street to Old Brompton Road. Primitive Art came first, followed last year by Arms and Armour and Sporting Guns. The latest initiative taken by Coleridge is staging an art exhibition in the summer. The first one is a coup.

"European and Oriental Lac-



Tray, c. 1600, signed Wu Mei.

quer" is a selection from an unusual museum, the BASF Lacroix Museum in Cologne. It started out in the 1930s as a sample collection formed by a German company producing lacquer to illustrate lacquer techniques throughout the ages. In the past two decades it has been substantially expanded after the original company was merged with BASF in 1969. Under the curatorship of Edith Strässer, the emphasis has been on art as much as on technique.

Displayed in a single room at the back of Christie's, the exhibition is enchanting. Although the collection was formed on a limited budget, it has a few gems. For sheer rarity, a Chinese cylindrical box with red motifs on black ground of the 4th or 5th century B.C. is one of the few pieces of this kind to be seen in Western collections. Some wonderful pieces from the later periods still raise questions as to their provenance. The beautiful lobed tray with mother of pearl peony blossoms signed by Mu Wei in the

early 1600s is called Korean in the catalogue but expert opinion at Christie's appears to favor China. Some small pieces such as the admirable 15th-century box from Japan with a top carved as an open peony should not be missed.

European rarities can be seen, too. Coleridge, despite 30 years of exposure to English decorative art of the 18th and early 19th century, in which he is one of the recognized authorities—his pioneering book on Chippendale was a landmark in the field—says he has never seen anything like the George III painted-iron tea set. The exhibition, which closes Aug. 26, will reopen on Sept. 14 in the BASF in the Dutch city of Thiel, in Gelderland, where it is being held in collaboration with the Streek Museum. This will be the first time that an art exhibition initiated by an auction house—with no commercial strings attached—is co-sponsored, unchanged, by a museum. Coleridge is playing a very neat game indeed.

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A Baltic parcel-gilt tankard, Michael Krezner, Riga, c. 1670, 3539 gr., 27.3 cm. high. Sold for SF90,000.

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Dual-Faith Children Search for a Center

By Ari L. Goldman
New York Times Service

MICHAEL Lerner's father was Jewish and his mother was Episcopal. In the home of his youth, both faiths were practiced at various times, he says, and there was little conflict over religion.

As an adult, though, he found the two faiths at odds. Raised to embrace either, he turned to the spiritual tradition of yoga, studying with the Hindu teacher Swami Sachidananda.

"The struggle for me was that if I pursued my spiritual life as a Christian, I would be unfaithful to my Jewish background, and if I pursued my spiritual life as a Jew, I would be unfaithful to my Christian background," said Lerner, a health researcher who lives in Bolinas, California.

Every morning Lerner meditates before an altar with likenesses of the Buddha and of Jesus as well as a Star of David. He lights a candle to symbolize "the light of truth in all spiritual traditions."

There are about 375,000 Jewish-Christian couples in the United States, more than half of whom married in the last 20 years. And the numbers are growing: In 1950, 6 percent of Jews who married chose Christian spouses; today, 40 percent do. Children of those marriages number at least 750,000.

The prevalence of dual-religion families has given rise to a spate of books in recent years. The authors, who among them have interviewed more than a hundred children of these unions, generally agree that with roots in two worlds, the children of interfaith marriages still feel tension and still face the difficult choices described by Lerner.

The three children of Michael S. Dukakis, the Democratic nominee for president, and his wife, Kitty, are perhaps the most visible examples of grown children who have had to come to terms with a dual-faith family. Dukakis is Greek Orthodox and his wife is Jewish.

"They consider themselves half Jewish and half Greek," Mrs. Dukakis said last month in an interview with *The Atlanta Jewish Times*. She said their children had "shared in the richness of both of our heritages."

The Dukakis campaign headquarters in Boston declined to arrange an interview with the couple's daughters, Andrea, 22, and Kara, 19, on the subject of religion. A family friend said the Dukakis felt it was a personal matter irrelevant to the campaign.

Mrs. Dukakis has a son, John



Michael Lerner, son of a Jew and an Episcopalian, turned to yoga.

Dukakis, 30, from her first marriage, to a Jewish businessman.

Egon Mayer, a professor at Brooklyn College who has studied the issue for the American Jewish Committee, said the Dukakis were fairly typical of American interfaith couples. "Like two-thirds of the couples, they did not convert to each other's religion and did not impose any religion on their children," he said.

Nearly half of the dozen adult children of Jewish-Christian marriages interviewed for this article refused to allow the use of their names. "This is an intensely personal subject," one of them said.

Among the children of the intermarried, many profess no faith; some are Jewish, others are Christian and still others live in a world that straddles both religions. Some, like Lerner, have found new forms of religious expression.

Lerner, 44, the son of the journalist Max Lerner, is president of Commonwealth, an environmental health center, and recipient of a MacArthur Fellowship.

Yoga of the type Lerner practices is a spiritual discipline used in Hinduism to achieve liberation of the self and union with "the universal soul."

"I have the best of both worlds," said Davis Guggenheim, 24, who works for a Hollywood film production company. "I can go to a coming-out party at the Mayflower Hotel in Washington and hold my own in Cantor's Deli on Fairfax Avenue in L.A."

Among recent publications on the subject are "Mixed Blessings" by Paul Cowan, with Rachel Cowan (Doubleday, 1987), Les F. Gruzen's "Raising Your Jewish-Christian Child" (Weber-Dodd, Mead, 1987) and Egon Mayer's "Love and Tradition: Marriage Between Jews and Christians" (Schocken, 1987).

The authors offer sometimes conflicting advice on raising children of mixed marriages, but all seem to find that the children share certain characteristics.

As Cowan describes them, they are "bridges between two cultures" and tend to be "very effective negotiators."

They also seem to offer creative solutions to problems. Two of them, Leslie Goodman-Malamuth and Robin E. Margolis, founded Pareveh, an organization for the children of Jewish-Christian marriages.

Pareveh is taken from the Yiddish word describing foods that are neither milk nor meat. The name whimsically reflects the ambivalence many children of intermarriage say they feel.

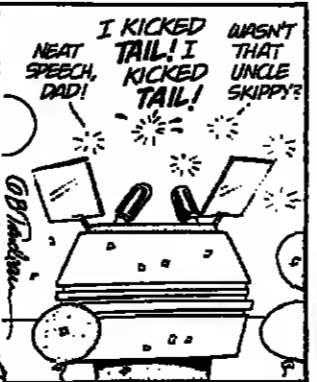
Goodman-Malamuth is the child of a Jewish father and a Christian mother. After years of searching, she said, she decided to convert to Judaism, although she said she did not turn her back on her Christian heritage. "I live as a Jew," she said. "I'm raising my son as a Jew, but I'm always going to have the two halves."

Annie, the daughter of a Protestant mother and a Jewish father, was brought up Jewish and sent to Hebrew school, and celebrated her bat mitzvah with relatives of both religions. But at college she began to explore her Christian roots.

No minister or missionary influenced her, she said, only books like C.S. Lewis' "Mere Christianity" and long, emotional discussions with friends.

Today, at 22, Annie calls herself a Hebrew Christian and has explored Messianic Judaism, which follows Jewish traditions but maintains that Christ was the Messiah. "Christianity began as a Jewish movement," she said. "There is a real relationship between them. A Hebrew Christian is a beautiful blend."

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JAPANESE

NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE adv. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Class, Prev., Chg.

NASDAQ Index table with columns: Composite, Industrials, Finance, etc.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Class, Chg.

NYSE Diary table with columns: Class, Prev., Chg.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, %Av.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: Industrials, Finance, etc.

NASDAQ Diary table with columns: Class, Prev., Chg.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stocks Mixed After Sell-Off

NEW YORK — Prices ended mixed Friday following a late sell-off in the final minutes of New York Stock Exchange trading, after hovering at higher levels during most of the last session. The Dow Jones industrial average, which had risen 1.07 Thursday, fell 11.03 points to close at 2,016.00. For the week, the 30-stock index lost 21.52, or 1 percent. Advances led declines by about a 7-5 ratio. Volume totaled 122.37 million shares, compared with 139.82 million traded Thursday. The Dow spent most of the session drifting at higher levels. At one point early in the session, the blue-chip indicator was up by more than 15 points. But traders and analysts said there was no news to give direction to the market or to investors who, for most of the day, lacked interest in either buying or selling. Eugene Peroni Jr., chief technical analyst at Janney Montgomery Scott in Philadelphia, said "seemingly exaggerated fears" of higher inflation and interest rates had created an environment of investor caution. But the "worst risk from here is going to be boredom," he said. The market, Mr. Peroni said, is well poised to move into the 2,080 to 2,115 area on the Dow industrial average in the next few weeks.

"I think the market will be able to move higher," he said. "There will be some selective bargain-hunting... but I don't see any radical moves." The market might have received a minor lift from the speech Thursday night by Vice President George Bush at the Republican convention, accepting his party's presidential nomination, said Peter Vandenberg, vice president of equity trading at Shearson Lehman Hutton Inc. Mr. Bush expressed strong confidence in America's economy. Ernie Rodnet, manager of block trading at Mabon, Nugent & Co., said recovery in the bond market might have helped general market sentiment. "And there was a little better feeling around following Mr. Bush's speech last night," he said. But Mr. Rodnet said that the early uptick represented "nothing more than a trading rally" after the market's recent downturn. Kansas City Power & Light was the most active NYSE-listed issue, up 1/4 to 29 1/2. It was followed by FPL Group, ahead 1/4 to 30. Fleming Companies was third, down 1/4 to 30 1/2. Among the blue chips, General Motors fell 1/4 to 72. General Electric declined 1/4 to 39 1/2. USX lost 1/4 to 27 1/2 and International Paper dropped 1/4 to 43.

Main NYSE stock listing table with columns: Stock, Div. Yld. PE, High, Low, Last, Chg.

AMEX stock listing table with columns: Stock, Div. Yld. PE, High, Low, Last, Chg.

NASDAQ stock listing table with columns: Stock, Div. Yld. PE, High, Low, Last, Chg.

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Vertical sidebar containing various financial news snippets and advertisements, including 'In 1988 Race, Says Little About', 'Current', and 'Interest'.

ECONOMIC SCENE

In 1988 Race, the Pitch Says Little About Policy

By LEONARD SILK

NEW YORK — With the U.S. political conventions out of the way and the Bush-Quayle and Dukakis-Bentsen tickets in place, the guessing game gets more serious as to what one slate or the other will mean for national economic policy.

Economic policy-making mixes ideology, the state of economic understanding, the tools available to a president (or to Congress) and, most important, the reality or the lack of it.

For both presidential candidates, the choice of the vice presidential candidates may be critical in the game of political-economic salesmanship.

Governor Michael S. Dukakis feels handicapped by a reputation as a "liberal," a dirty word in the Reagan era.

The governor went to his right in naming Lloyd Bentsen of Texas, a veteran senator, fiscal conservative and hawk on military matters, as his running mate.

Similarly, Vice President George Bush is remembered for his early assault on Mr. Reagan's "voodoo economics" and is still regarded by his party's right wing as "a closet moderate."

But does any of this symbolism, or any of the economic generalities that the candidates uttered in their campaign speeches disclose much about what either man would do as president?

HERBERT STEIN, economist, has his doubts. In the latest edition of his book, "Presidential Economics," he writes, "One thing that stands out about the presidential economics of the past 60 years is how surprising the connection often was between particular presidents and particular policies."

Mr. Stein, the chairman of the Council of Economic Advisers under Richard M. Nixon and Gerald R. Ford, says no one could have predicted Franklin D. Roosevelt's budget deficits from anything he had said before he took office.

This was no isolated case: "The pre-inauguration Kennedy looked like a big spender, not like a tax cutter," Mr. Stein said. "Who would have expected Richard Nixon to impose comprehensive, mandatory price and wage controls, to go off the gold standard and to float the dollar? Who would have predicted the size of Reagan's deficit?"

But, focusing on this year's candidates, does one find important differences between them? Both appear reasonably middle-of-the-road, with Mr. Bush shading toward the right and Mr. Dukakis toward the left.

The similarities and differences can be seen in their key economic advisers.

Mr. Bush's two principal economic advisers are Michael J. Boskin of Stanford University and Martin S. Feldstein of Harvard and the National Bureau of Economic Research.

Mr. Stein, the chairman of the Council of Economic Advisers under Richard M. Nixon and Gerald R. Ford, says no one could have predicted Franklin D. Roosevelt's budget deficits from anything he had said before he took office.

U.K. Firm Sweetens Irish Bid

Panel Permits Revised Scheme

LONDON — Grand Metropolitan PLC announced Friday that it was increasing its hostile bid, through a restructured unit, for Irish Distillers PLC, valuing the distilling group at 253 million Irish punt (\$355 million), or 400 Irish pence per share.

Grand Metropolitan's move, through its GC&C Brands Ltd. unit, came hours after Britain's Panel on Takeovers and Mergers, the regulatory body, said it would allow GC&C to proceed with a revised bid for Irish Distillers, which makes Jameson and Bushmills whiskeys.

Reacting to the increased bid, Irish Distillers said its board would meet Monday to "agree a considered response" and to examine "other approaches."

A spokesman for Irish Distillers said the new offer was "substantially below" what the company's brands were worth.

The British panel's decision supported a negotiated settlement reached Wednesday by the European Commission with the three original partners in the GC&C consortium, under which they agreed to disband.

The new GC&C offer, in cash or guaranteed loan notes, compares with the 315 Irish pence offered by GC&C in May, when it was a consortium made up of Irish subsidiaries of Guinness PLC, Allied-Lyons PLC and Grand Metropolitan.

Just before the revised bid was announced, Irish Distillers pledged in Dublin to fight on after the takeover panel's decision.

"The battle is not lost, not by any means," said Richard Burrows, managing director of the country's largest distiller, on Irish radio.

Mr. Burrows said he was disappointed by the British panel's decision but added, "The illegal, collusive bidding ring that these companies put together to formulate their bid has been burst asunder by the European Commission and that has been recognized by the panel."

Asked whether Distillers was inviting a friendly bid, Mr. Burrows said, "We are not out there looking for a white knight."

The French drinks firm, Pernod Ricard, is reported to have bought shares in Irish Distillers. Mr. Burrows said, "We regard their buying of shares as a welcome gesture of support."

As part of the EC ruling, FII Fyffes PLC, which holds about 20 percent of Irish Distillers, is to relax a commitment it had made to accept the original bid, to allow it to accept competing tenders.

Under the revamped bid, GC&C would market Jameson whiskey internationally and put up for sale Bushmills, the world's oldest licensed whiskey distillery that was founded in 1608.

Hong Kong: A Real Estate Magnet

Investors Show Confidence in Political Future

By Coleen Geraghty

HONG KONG — The recent exodus of middle-class professional Chinese from Hong Kong has grabbed headlines, but a reverse phenomenon has gone largely unnoticed.

It might be called an Asian invasion: the steady acquisition of prime Hong Kong real estate by investors from Japan to Australia.

During the past two years, yields on much Hong Kong property have exceeded 10 percent, while the cost of money ranged from 7 percent to 8 percent.

Moreover, Hong Kong dollar investments appear especially attractive to countries with strong currencies, such as Japan and Taiwan.

This trend, analysts say, may indicate a sea change in foreigners' attitudes about the transfer of Hong Kong from British to Chinese sovereignty in nine years' time.

Conventional wisdom has dictated that investors would shun Hong Kong as 1997 drew closer. Fears that Beijing might clamp the city's free-wheeling style of capitalism was supposed to trigger a flight of assets.

While 1997 is viewed with apprehension in some local quarters, it is regarded positively by international investors who continue to regard Hong Kong as a warrant on the modernization and liberalization of China.

No one knows the full extent of foreign-based property investment in Hong Kong, but partial figures compiled by the major real estate agents show a decisive rise.

Yen investment alone totaled 5 billion Hong Kong dollars (\$641 million) last year, up from 1.6 billion dollars in 1986, according to the property consultant James Long Wootton.

However, some analysts believe that the new investors are a fickle lot. They warn that the majority of Japanese who acquired property in Hong Kong since 1986 are newly wealthy individuals, more interested in short-term profit than in long-term commitment.

"From their view, 1997 is still far away," observed K.K. Chen, head of research for Nomura International in Hong Kong.

"They invest because they can get a reasonably good return while the yen stays high relative to the Hong Kong dollar," he said. The Hong Kong dollar's value is linked to that of the U.S. dollar.

"If the big Japanese companies come here, that will indicate real confidence in Hong Kong," Mr. Chen said. "But for now, the investment is an attempt at portfolio diversification by rich Japanese entrepreneurs."

Australian investors, led by a handful of major firms, account for about 25 percent of the foreign-owned real estate in Hong Kong. The 50 percent stake that Bond Corp., the big Australian group, has in a 2 billion dollar commercial building represents about half of all Australian property investment here.



Terry Jenkins in front of National Mutual Group's office tower in Hong Kong: A growing commitment to the territory.

Another prominent Australian landlord is National Mutual Group, the only institutional investor to have acquired real estate in Hong Kong in the past five years.

"There are any number of Australian citizens who have purchased property for themselves, but it's impossible to quantify that kind of investment," said Chris Ward, acting senior trade commissioner at the Australian Consulate.

National Mutual's stake in Hong Kong is a medium-size commercial building that has increased 75 percent in value, to 715 million dollars, since its acquisition two years ago, according to regional managing director Terry Jenkins.

He explained the group's decision to buy as the evolution of a growing commitment to the territory.

The degree of foreign investors' commitment to Hong Kong is a legitimate concern, particularly for the local property companies involved in joint venture projects with overseas partners.

Lo Ka-shui, whose Great Eagle Co. is developing several sites with the property arm of the Japanese trading house C. Itoh & Co., contends that foreign investors are often more bullish than their local counterparts.

"Looking at Hong Kong through the eyes of our foreign partners, I may have a rosier view than the local people," Mr. Lo said. "The Cultural Revolution, which is the seed of worry about Hong Kong's future, is actually a backdrop. Those days are over, and for the remainder of the century."

See PROPERTY, Page 11

U.S. to Combine 8 Thrifts, Give \$2.5 Billion Aid

WASHINGTON — The Federal Savings Loan Insurance Corp. said Friday that eight insolvent Texas savings and loan institutions would be consolidated under its management and that it would provide assistance of \$2.5 billion to the new institution.

The FSLIC said it hoped find a buyer for the consolidated thrifts. The move to aid the eight Texas thrifts was part of a U.S. government plan to rid Texas of insolvent savings and loans. It followed an announcement Thursday by federal regulators that 12 other Texas thrifts were being consolidated with FSLIC aid totaling \$1.3 billion.

In the latest consolidation, which will include Sun Belt Savings of Dallas, the FSLIC will provide a \$2.5 billion note to eliminate the thrifts' negative net worth.

The deposits and the business activities of the eight thrifts will be consolidated in a new institution named Sun Belt Savings FSB, with assets of \$6.9 billion.

Depositors will not be affected, the FSLIC said. Besides Sun Belt, other thrifts in the consolidation will include Western Federal Savings & Loan Association of Dallas and Independent American Savings Association of Irving.

The other institutions in the consolidation are First City Savings of Irving; Federated Savings of Brady; Multibank Savings of Alice; Texana Savings of Texarkana; and Summit Savings of Dallas.

The chairman of the Federal Home Loan Bank Board, M. Danny Wall, said in a statement that the consolidation was designed to stop losses by the eight thrifts, which had risen to as much as \$2.4 million a day.

The FSLIC will retain the management of Sun Belt Savings to operate the new institution. Thomas Wageman has headed Sun Belt for the last two years.

The old Sun Belt had assets of \$2.2 billion and liabilities of \$4.1 billion. In October 1986, regulators forced the resignation of Sun Belt's chairman, Edwin McBrine, after several years during which Sun Belt engaged in high-risk loans that were either unsecured or inadequately secured by real estate, the FHLBB said.

The old Sun Belt had assets of \$2.2 billion and liabilities of \$4.1 billion. Twenty-four of the 109 thrifts in Texas were insolvent when work on the government's "Southwest Plan" began earlier this year. Mr. Wall said Thursday the bank board expected to complete the plan at the end of the year.

The U.S. thrift industry continues to lose capital, although the decline apparently slowed in the last quarter. Officials have put the cost of restoring health to the industry anywhere from \$30 million to \$100 million. Debate is continuing in the U.S. Congress over whether a taxpayer bailout will be necessary.

Reuters, AP

See POLICY, Page 13

Currency Rates

Table with columns for Currency, Par \$, and Rate. Includes entries for Amsterdam, Frankfurt, London, New York, Paris, Zurich, and various ECUs.

Table with columns for Currency, Par \$, and Rate. Includes entries for Australia, Hong Kong, India, Japan, Korea, Taiwan, and others.

Table with columns for Currency, Par \$, and Rate. Includes entries for Canadian dollar, Swiss franc, and others.

Table with columns for Currency, Par \$, and Rate. Includes entries for 1-month, 3-month, 6-month, and 1-year rates for various currencies.

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Ruder Urges European Action on Inside Trading

STOCKHOLM — David S. Ruder, chairman of the U.S. Securities and Exchange Commission, urged Friday that stock market regulators in other countries, notably in Europe, introduce compatible laws to deter insider trading.

Mr. Ruder, attending celebrations of the 125th anniversary of Stockholm's bourse, said at a news conference that vastly different laws governing stock trading in different countries would have to be brought into line as markets became increasingly intertwined.

"It's essential that we have a similar level of anti-fraud laws," he said. "That means laws against market manipulation, against insider trading and against rumor mongering or misrepresentation of information to the markets."

Mr. Ruder said the SEC, the U.S. markets watchdog, was monitoring developments carefully as the European Community moves toward its goal of becoming a single economic entity with no internal trade barriers by 1992.

"We are in some sense anxious to be sure that the regulation in the European Community reaches levels which are satisfactory to us," he said, "because eventually we will be looking toward an integrated market with the European Community."

He expanded on these points later in a speech to Swedish businessmen, brokers and senior government officials.

"World regulators must structure a level of international information sharing and enforcement cooperation to deter international law violations," he said. "We have a great deal of work to do to achieve compatibility among these various regulatory structures."

SEC Sets International Post

NEW YORK — Faced with the need to police the growing number of stocks traded across national borders, the U.S. Securities and Exchange Commission's enforcement division has appointed an associate director to handle all international affairs.

Chosen to fill the post is Michael D. Mann, 35, who already handles international affairs through the chief counsel's office. Senior SEC officials said Thursday that the creation of the position raised the stature of international matters and expanded the number of people at the agency working in the area.

Mr. Mann said the SEC had also set up an informal agencywide body to grapple with other aspects of the globalization of the securities markets, such as uniform regulations for such functions as clearance and settlement.

Mr. Mann's current position was created in 1986, he said, "solely to try and figure out how to get evidence from abroad" in aid in enforcement cases, such as insider trading. His duties have grown to include negotiating agreements on cooperation among foreign securities officials to establish procedures for gaining information.

He rejected the assertion that the SEC was trying to force other countries to adopt U.S. securities laws. "Our interest is in policing the U.S. markets, so when people here they play by predictable rules and get predictable results," he said.

men, brokers and senior government officials.

"World regulators must structure a level of international information sharing and enforcement cooperation to deter international law violations," he said. "We have a great deal of work to do to achieve compatibility among these various regulatory structures."

Donnay SA, Once a Star Performer, Is Bankrupt

BRUSSELS — Donnay SA, a leading maker of tennis rackets a decade ago, was declared bankrupt Friday by a Belgian court after failing to reach agreement with its creditors on new loans and on a restructuring of its debt.

Donnay has debt of about 1.4 billion Belgian francs (\$35 million), said Fabrice Jacquemart, a spokesman for the regional Wallonia government.

Mr. Jacquemart said shortly after the declaration of bankruptcy that Damaco International, a Hong Kong sporting goods manufacturer, had proposed taking over Donnay. The company has been majority-owned by the Donnay family.

Other takeover offers were expected, he said.

Donnay became a leader in sporting goods largely on the fortunes of the Swedish tennis star Bjorn Borg, who dominated the sport in the late 1970s and early 1980s, and who help to advertise Donnay's products.

At its peak, the company made over 1.5 million rackets a year and employed 600 persons. It began to suffer heavy losses after Mr. Borg retired in 1981.

Weeks of talks with banks and the Walloon government, which has a 27 percent stake in Donnay, failed to produce an agreement on reviving the company.

Advertisement for VALUE LINE Comprehensive Coverage of 1700 American Stocks to European Investors. Includes text about the Value Line Investment Survey and contact information.

Advertisement for Gold, featuring a photo of Bjorn Borg playing tennis with a Donnay racket. Includes text about gold prices and market conditions.

Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52 High Low Close

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	52 High	52 Low	Close
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114

(Continued)

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	52 High	52 Low	Close
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114

(Continued)

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	52 High	52 Low	Close
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114
114	104	IBM	3.75	3.5	12.5	114	104	114

U.S. Futures

Via The Associated Press

Season	Season	Open	High	Low	Close	Chg.
High	Low					
High	Low					
High	Low					
High	Low					
High	Low					

Grains

WHEAT (CBT)	5000 bu minimum	dollars per bushel	Settle	Chg.
4.11	4.11	4.11	4.11	0.00
4.11	4.11	4.11	4.11	0.00
4.11	4.11	4.11	4.11	0.00
4.11	4.11	4.11	4.11	0.00
4.11	4.11	4.11	4.11	0.00

Food

COFFEE (NYMEX)	5000 lbs minimum	dollars per cwt	Settle	Chg.
1.27	1.27	1.27	1.27	0.00
1.27	1.27	1.27	1.27	0.00
1.27	1.27	1.27	1.27	0.00
1.27	1.27	1.27	1.27	0.00
1.27	1.27	1.27	1.27	0.00

Metals

COPPER (COMEX)	30000 lbs minimum	dollars per lb	Settle	Chg.
1.95	1.95	1.95	1.95	0.00
1.95	1.95	1.95	1.95	0.00
1.95	1.95	1.95	1.95	0.00
1.95	1.95	1.95	1.95	0.00
1.95	1.95	1.95	1.95	0.00

Stocks

SP 500 INDEX	Close	Chg.
281.14	281.14	+0.14
281.14	281.14	+0.14
281.14	281.14	+0.14
281.14	281.14	+0.14
281.14	281.14	+0.14

Armtek Holding Talks With Third Parties

WASHINGTON — Armtek Corp. said Friday that it had begun acquisition talks with parties other than Mark IV Industries Inc., which Thursday increased its bid for Armtek to \$44 per share from \$40.

In a filing with the Securities and Exchange Commission, Armtek said that its board had authorized management to contact third parties, which it did not name. The board did not make any decision about a sale or recapitalization at a meeting Thursday, but "intends to continue to review all such alternatives."

Armtek said the talks with third parties "may be dependent upon the future actions of Mark IV."

In New York, a stock arbitrator said it appeared "that a third party will come in with a higher bid, Armtek will take it and Mark IV would cut loose and run with the profit."

Traders were unable to say who the third party might be.

NYSE High-Lows

NEW HIGHS	NEW LOWS
IBM	IBM
IBM	IBM
IBM	IBM
IBM	IBM
IBM	IBM

Currency Options

PHILADELPHIA EXCHANGE	Aug. 19	Settle	Chg.
1.14	1.14	1.14	0.00
1.14	1.14	1.14	0.00
1.14	1.14	1.14	0.00
1.14	1.14	1.14	0.00
1.14	1.14	1.14	0.00

Financial

10 YR. TREASURY (CBT)	100 million	dollars per \$100	Settle	Chg.
117.14	117.14	117.14	117.14	0.00
117.14	117.14	117.14	117.14	0.00
117.14	117.14	117.14	117.14	0.00
117.14	117.14	117.14	117.14	0.00
117.14	117.14	117.14	117.14	0.00

Commodity Indexes

Moody's	Close	Previous
114.90	114.90	114.90
114.90	114.90	114.90
114.90	114.90	114.90
114.90	114.90	114.90
114.90	114.90	114.90

Shell Reports Oil Find In 3 Nigerian Wells

LAGOS — Shell Petroleum Development Co. of Nigeria, the country's biggest oil company, said Friday it had struck crude oil and gas in three wells in the Niger Delta.

It said the wells, drilled in the midwestern state of Bendel, contained reserves of 80 million barrels of oil and 250 billion cubic feet of gas.

It was the second significant find reported this year by the company, a joint venture in which the state oil firm Nigerian National Petroleum Corp. has an 80 percent stake. The rest belongs to the Royal Dutch/Shell Group.

In January, it reported two finds with estimated recoverable reserves of over 80 million barrels.

AMEX High-Lows

NEW HIGHS	NEW LOWS
IBM	IBM
IBM	IBM
IBM	IBM
IBM	IBM
IBM	IBM

Dividends

Company	Per Amt	Pay Rec
IBM	3.75	8/21
IBM	3.75	8/21
IBM	3.75	8/21
IBM	3.75	8/21
IBM	3.75	8/21

Paris Commodities

Aug. 19	Settle	Chg.
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00

London Metals

Aug. 19	Settle	Chg.
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00
1.14	1.14	0.00

WORLD STOCKS IN REVIEW

IN THE IHT EVERY MONDAY. A CONCISE OVERVIEW OF TRADING ON MAJOR WORLD STOCK MARKETS DURING THE PREVIOUS WEEK AND A LOOK AT LIKELY DEVELOPMENTS AHEAD. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

IBM's PS/2 Run Into Sales

Company's Market Share Grows

By John M. ...

NEW YORK — IBM's new PS/2 personal computers are running into sales problems, according to a report by a market research firm.

The report says that IBM's market share in the personal computer market has declined since the introduction of the PS/2 line. This is due to the fact that IBM's prices are higher than those of its competitors, and its marketing strategy is less aggressive.

IBM's PS/2 computers are priced at a premium compared to other models on the market. This has led to a slower adoption rate, particularly in the lower-end market segments.

Market analysts predict that IBM will need to adjust its pricing and marketing strategies to regain its market share in the personal computer market.

Peugeot Sees Doubling of U.S. Sales

DETROIT — Peugeot is targeting a doubling of its U.S. sales in the next few years, according to a report by a market research firm.

The report says that Peugeot's sales in the U.S. have been growing steadily, and the company is confident that it can continue this growth. This is due to the company's focus on quality and performance, as well as its aggressive marketing strategy.

Peugeot's sales in the U.S. are expected to reach \$1 billion by the end of the next year. This is a significant increase from the current sales of approximately \$500 million.

The company's success in the U.S. market is attributed to its commitment to innovation and customer service. Peugeot is expected to continue to invest in research and development to stay ahead of the competition.

There's A New Business

World's Largest ...

BUSINESS ROUNDUP

IBM's PS/2 Computers Run Into Sales Trouble

Company's Market Share Slips

By John Markoff
NEW YORK — International Business Machines Corp.'s PS/2 computers, the machines with which it has sought to maintain its dominance of the personal computer industry, are losing ground to competitors.

IBM officials deny things have gotten so bad that they plan to bring out soon a new computer that will fall back on the four-year-old technology employed in the popular PC-AT. There have been persistent reports in recent days that IBM planned such a machine.

We clearly are not going to be building an AT-style machine and we've made that clear to our dealers," said William Lowe, the president of IBM's entry systems division.

Peugeot Sees Doubling of U.S. Sales

DETROIT — The French automaker Peugeot SA expects its U.S. sales to more than double to 18,000 in 1989 with the introduction of its 405 sedan, according to the head of Peugeot's U.S. operations.

Pascal Henault, president of Peugeot Motors of America, said in an interview Thursday that the company hoped the 405 model would help re-establish Peugeot in the U.S. market.

Peugeot's U.S. sales through the end of July totaled 4,016, down 24 percent from 5,293 in the first seven months of 1987. Analysts estimate that if sales continue at the current rate, Peugeot will sell 7,266 cars this year in the United States.

U.S. sales of luxury Peugeot models peaked in 1984 at 20,000. Since then, sales have dropped, mainly because of price increases reflecting the weakening of the dollar against the French franc.

The 405, which has just gone on sale in the United States, starts at \$14,500 for the basic version.

Mr. Henault said the price of the car should appeal to affluent buyers who are reluctant to purchase more expensive cars because of changes in U.S. tax laws.

USX Plan to Sell Steel Plant to Iraq Is Opposed

By Clyde H. Farnsworth
WASHINGTON — USX Corp. wants to sell its idled Texas steelwork to Iraq for more than \$100 million.



David M. Roderick, USX chairman and chief executive.

Under the proposed sale, Iraq would buy a plant that once employed 2,000 U.S. steelworkers with a payroll of \$35 million. It was shut two years ago amid labor turmoil and slack demand.

But Texas lawmakers, led by Representative Jack Fields, a Republican whose congressional district includes the Houston ship channel, one of the country's largest petrochemical complexes, oppose the sale on the grounds that both jobs and steelmaking capacity would be permanently lost and that buyers of steel plate would have to pay higher prices.

The lawmakers are trying to get the U.S. government to block the sale.

Mr. Fields said that at least two U.S. companies were prepared to offer USX as much or more for the plant than Iraq had offered.

USX refused to negotiate with them, he asserted, because it "doesn't want competition in the domestic steel industry."

A USX spokesman declined to comment. The Texas plant was producing up to 1.3 million tons a year of large-diameter pipe, used for oil and natural gas pipelines. It includes electric furnaces for melting scrap, casters to shape molten steel into slabs and a mill

for making slabs into large-diameter drilling pipe.

The 20-year-old plant is at Baytown, east of Houston. Under the terms of the proposed sale, it would be dismantled and transported to Iraq as part of that country's efforts to expand oil production following a cease-fire in its war with Iran.

Abdul-Rahman Jamil, a spokesman at the Iraqi Embassy in Washington, said he thought Iraq needed the pipe both to expand petroleum exploration and to increase irrigation networks.

The negotiations with USX began around the time of a visit to Washington in May by Iraq's oil minister, Isam Abd ar-Rahim



Isam Abd ar-Rahim ash-Shalabi, Iraq's oil minister.

ash-Shalabi, who announced ambitious plans to raise his country's oil production and export capacity.

The lawmakers who object to the sale say that the plant should be reopened. In a letter to Commerce Secretary C. William Verity Jr., members of the Senate steel caucus said: "Clearly, a market exists in the United States which justifies reopening the Baytown works. We view such a sale as a serious threat to the long-term health of the American steel industry."

The caucus includes Senator Lloyd Bentsen of Texas, the Democratic vice-presidential candidate.

The U.S. steel industry is protected by restraints adopted in 1984 that limit imports to around 20 percent of the domestic market. Under the program, waivers may be granted to import steel that is in short supply.

So far this year, Mr. Fields said, waivers have been given for 50,000 tons of steel plate and 800,000 tons of steel slab. These, he said, showed that domestic demand was far greater than domestic production capacity.

They have argued that the sale could augment Iraq's military capabilities. One communication from 10 lawmakers, including Mr. Bentsen, said on Aug. 3, "Iraq is certainly not a friend of the United States."

William P. Ryder, a USX spokesman in Pittsburgh, said that Iraq's Ministry of Industry initiated the negotiations and that both sides were hoping for an early completion of the sale.

Since the technology involved is 20 years old, Mr. Ryder said, he saw no reason why its export should present any security problems for the United States.

One steel industry specialist, who asked not to be identified, said that since USX, under its chairman and chief executive, David M. Roderick, had not been able to make a profit at Baytown, he doubted that any other domestic company would be very successful.

PROPERTY: Investment Magnet

(Continued from first finance page)

our lifeline, China can move only toward reform."

Mr. Lo believes that the Sino-British Joint Declaration on Hong Kong's future removed a degree of political uncertainty and "glamorized" the territory in the minds of overseas investors. From the signing of the agreement in 1984, he said, investing in Hong Kong became synonymous with investing in China, but with one important advantage: Beijing's commitment to treat Hong Kong investments as sacrosanct for 50 years after 1997.

"A foreigner wanting to set up a factory in China knows that in 15 years' time, ownership will revert to the Chinese," observed Mr. Lo. In Hong Kong, his investment has a life expectancy of almost 60 years.

"In real estate terms, that's almost perpetuity," he said.

Mr. Lo also takes the long-term view. The Japanese trading company had helped finance a residential property development in Hong Kong before deciding, last year, to invest in commercial and industrial real estate valued at about 400 million dollars. Toshiro Komada, C. Itoh's managing director in Hong Kong, is bullish on China and on Hong Kong real estate.

The experience of major property consultants substantiates the impression that Japanese investment interest is gaining momentum. Godfrey Blott, deputy managing director of First Pacific Davies, sees "increasing evidence that the major Japanese companies are willing to take a position in Hong Kong."

Like C. Itoh, they will be looking for commercial and luxury residential properties. These sectors should benefit most from Hong Kong's entrepreneurial role while remaining less dependent on external economic conditions than the industrial sector and less vulnerable to speculation than midrange residential properties.

Commercial real estate absorbed more than half of all yen-denominated property investment in Hong Kong last year, followed by the hotel sector with 23 percent and the residential sector with 19 percent.

"The Japanese companies with huge U.S. dollar profits have been reluctant to convert them back to yen," Mr. Blott said. "They are looking for diversified offshore investments, and Hong Kong's free market is attracting them."

But he added that "There's a danger that the speculative element in this market will push prices up without any actual transactions taking place."

The threat is real, given the very tight supply of high-grade commercial property. Vacancy rates for centrally located office space fell below 2 percent this year, and will not rise appreciably until 1992, according to Jones Lang Wootton.

One central office building rumored to be for sale reportedly attracted bids at a level roughly double that of a year ago.

But only a handful of transactions involving prime commercial real estate have actually occurred, partly because the market is tightly controlled by a small group of established landlords.

New development is limited, both by Hong Kong's size and by the prohibition on government sales of more than 50 hectares (159 acres) of land each year.

In the residential sector, take-up nearly matched supply during the four years ended 1987, and this year, the pace of acquisition is quickening. Developers, enjoying strong pre-sales — sales before completion — of midrange and luxury developments, are speeding up their release schedules, Jardine Fleming Holdings, the investment bankers, reported.

Many observers fear these developments may signal the beginning of a speculative surge. Some draw parallels to the last cycle that ended in 1982-83 with losses of up to 50 percent in the property market.

However, a number of analysts argue that a comparison with past experience is misleading. Local property companies are financially healthy now; in 1982, they were highly geared. Banks are reporting that no more than 30 percent of their loans and advances is real estate-related. And mortgage repayments take a much smaller bite of family incomes now than they did in the early 1980s.

Expected Capital Rule Shift Lifts Australia Bank Shares

SYDNEY — The Reserve Bank of Australia will soon post capital adequacy requirements that will favor the bigger Australian financial institutions, banking sources say.

Stock market speculation of imminent changes raised the share prices of Australia's major commercial banks — Westpac Banking Corp., National Australia Bank Ltd. and Australia & New Zealand Banking Group Ltd. — in heavy trading at the end of the week.

In February, the Reserve Bank circulated a discussion paper on risk-based measurement of banks' capital adequacy. It has since held talks with financial institutions, but declined to comment on the results of the discussions.

The sources said the need for trading banks to deposit 7 percent of savings with the central bank would soon end and a system that weighs assets according to risk would be introduced. The new

rules would favor major institutions, they said.

Since financial market deregulation began in Australia in 1983, banking and nonbanking institutions have been aggressively developing off-balance-sheet means of lending to avoid existing capital requirements. Now they will have to bolster their capital bases as transactions are moved onto balance sheet, sources said.

The three major banks account for about 2.6 billion dollars (\$2.1 billion) of the 3.65 billion held by the Reserve Bank, on which it pays a fixed 5 percent interest.

In heavy trading of bank stocks in Sydney, ANZ rose 20 cents Thursday and a further 8 cents on Friday to close at 5.08. Westpac rose 28 cents Thursday, then eased 6 cents Friday to close at 6.98, and National Australia jumped 34 cents Thursday before losing 8 cents Friday to close at 6.52.

Healthy Profit Rise Predicted for H.K. Bank

HONG KONG — Hongkong & Shanghai Banking Corp. is expected to report Tuesday a 13 to 16 percent rise in net profit for the first half, stock analysts predict.

The forecast interim net profit of 1.60 billion to 1.65 billion Hong Kong dollars (\$205 million to \$212 million), compared with 1.41 billion a year earlier, reflecting buoyant commercial banking and a recovery by its Marine Midland Bank Inc. unit in the United States.

They also predicted an interim dividend of 13 cents per share for the half, which ended June 30, slightly above the bank's projection of 12 cents.

Analysts said Hongkong Bank started 1988 with a larger asset base after acquiring 14.9 percent of Midland Bank PLC in November and turning its 52 percent-held Marine Midland unit into a wholly owned operation in December.

John Mulcahy of Citicorp Scrimgeour Vickers said he did not think there would be further major provisions for loans to developing countries. But he added that Hongkong Bank earnings would be diluted by its expenditure of \$385 million on the Midland stake, despite Midland's larger than expected interim dividend of 9.5 pence a share.

Analysts said Hongkong Bank would apply equity accounting to its increased stake in Marine Midland and the higher stake would have no impact on the first-half results.

Anthony Bellagan of Warburg Securities said the larger stake in Marine Midland would lead to a more even distribution of Hongkong Bank's earnings.

"Full rationalization of Marine Midland will see HK Bank's first-half profits accounting for 40 percent or more of 1988 annual earnings, against 39 percent in 1986 and 1987," he said.

Mr. Bellagan added that Hongkong Bank's 3.3 billion Hong Kong dollar rights issue in May 1987 began having an impact on the balance sheet only in the second half of last year.

The bank enjoyed a boom in areas such as property mortgages and trade financing in the first half, reflecting a surge in demand for home loans and continued growth in Hong Kong's external trade.

Its 62 percent-owned commercial banking unit, Hang Seng Bank Ltd., reported Friday that net profit for the six months rose 17 percent, to 483.6 million Hong Kong dollars from 413 million a year earlier.

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Friday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table A: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table B: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table C: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table D: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table E: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table F: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table G: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) August 19, 1988

Table of International Funds: Lists various international funds with their names, share classes, and prices.

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AS - Australian Dollars; BF - Belgium Franc; CA - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; FL - Dutch Florin; Lfr - Italian Lira; Lf - Luxembourg Franc; P - Swiss Franc; S - Spanish Peseta; T - Taiwan Dollar; Y - Yen; B - Brazilian Real; R - Argentine Peso; U - Argentine Peso; V - Argentine Peso; W - Argentine Peso; X - Argentine Peso; Z - Argentine Peso.

Source: Credit Suisse-Firet Boston Ltd.

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The Daily Source for International Investors.



Floating-Rate Notes

Table of Floating-Rate Notes: Lists various floating-rate notes with their denominations and interest rates.

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Currency Market Central Bank advertisement with text about currency exchange and investment services.

Friday's OTC Prices advertisement with text about over-the-counter market prices and investment opportunities.

CURRENCY MARKETS

Central Banks Put Brakes on Dollar

NEW YORK — The dollar drifted lower in sluggish trading Friday against major currencies...

Table with columns: Currency, Bid, Ask, Change. Includes Deutsche mark, Pound sterling, Swiss franc, French franc.

There wasn't really a whole lot of meaningful trading today, said Terri Reid, an investment officer at Harris Bank in Chicago...

The dollar eased to 1.8975 Deutsche marks at the close in New York from 1.9010 DM on Thursday...

Inflation In U.K. Hit 4.8% in July

LONDON — Britain's annual inflation rate rose to 4.8 percent in July from 4.6 percent in June...

PROBE: Stock Scheme Touched Up to 20 Nations

(Continued from Page 1) Mr. Baxter agreed those two "penny stocks" were attractive, the businessman said...

Prices Rise Steeply in Spain

MADRID — Spain's consumer price index rose a sharp 1.3 percent in July, giving an annual inflation rate of 4.6 percent...

POLICY: Missing From the Pitch

(Continued from first finance page) The economy but prepared for action to deal with specific problems like education or research...

INTERNATIONAL STOCK MARKETS IN THE IHT EVERY TUESDAY. A COLUMN ON NON-U.S. STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table with columns: 12 Month High Low, Stock, Div. Yld. PE, St. High Low, 4 P.M. Chg. Includes A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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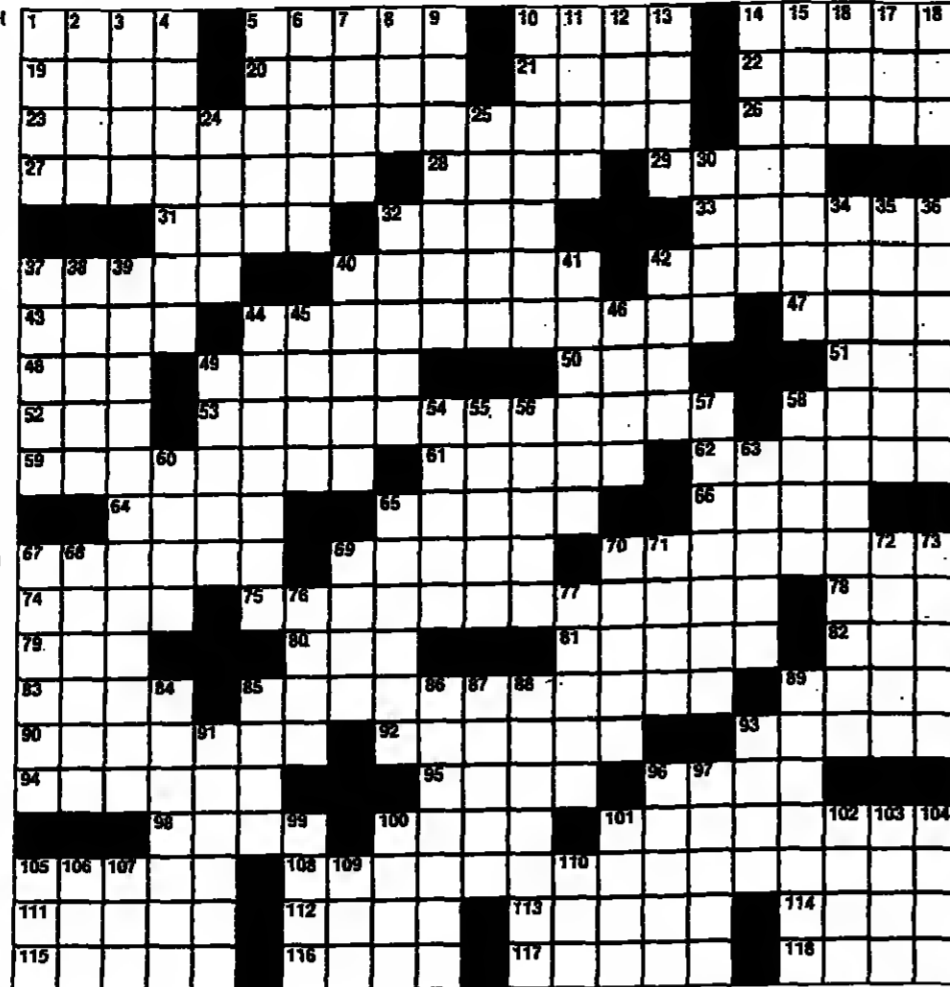
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Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Friday's AMEX Closing (Continued). Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

ACROSS 1 Memorable actor on "The Waltons" 49 Immature egg 82 Scottish bonnet

Trace the Transitions BY T. W. UNDERHILL



© New York Times, edited by Eugene Molinsky.

DOWN 1 Objective 12 Half a score 35 Surrounded 36 Snuggle 37 Command

DOWN 55 Actress Prentiss 67 Mark Twain's burlesque 77 Ties 97 Sioux

DOWN 84 Sooty, e.g. 85 Locus 100 Sacred bull of Egypt 101 Taft's state

JEAN STAFFORD: A Biography

By David Roberts. 422 pages. \$24.95. Little, Brown, 34 Beacon Street, Boston, Mass. 02108. Reviewed by Ann Waldron

BOOKS

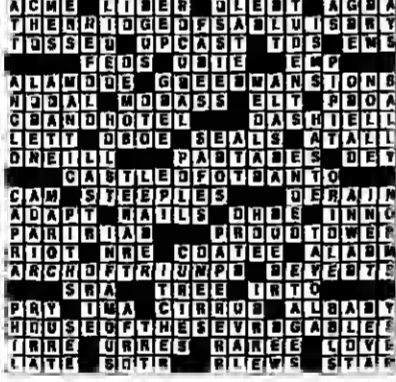
Her "Collected Stories" won the National Book Award. It's hard to say why such chaos lay behind the art.

hated it just as much. In Iowa, when she was 23 years old, she was working on her fifth unpublished novel.

DENNIS THE MENACE



Solution to Last Week's Puzzle



WEATHER

Table with weather forecasts for various regions including Europe, Middle East, Oceania, Asia, Africa, Latin America, and North America.

World Stock Markets

Table showing closing prices in local currencies for various international stock markets as of August 19, 1988.

PEANUTS



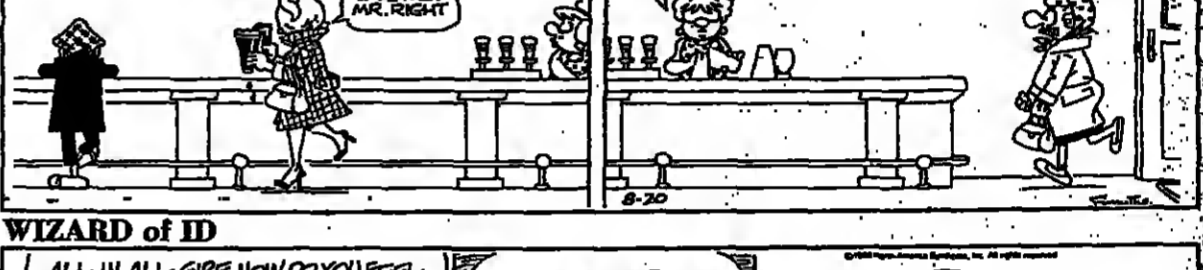
BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



Large vertical advertisement on the right side of the page for Jackson As Reds Cubs in 9, featuring a baseball player and various promotional text.

Scoreboard section on the right side of the page, listing scores for various sports events including American League, National League, and NFL Standings.

Advertisement for International Manager by Sherry Buchanan, located at the bottom right of the page.

SPORTS

Jackson Wins 17th As Reds Shut Cubs in 9-1 Rout

Compiled by Our Staff From Dispatches CINCINNATI — If the 1987 Cincinnati Reds had the 1988 Danny Jackson, they might be struggling to defend their National League West title instead of struggling to win their first crown this decade.

BASEBALL ROUNDUP

The left-hander, who was traded last season by the Kansas City Royals for right-hander Ted Power and shortstop Kent Stiltwell, won his league-leading 17th game here Thursday night when the Reds defeated the Chicago Cubs 9-1.

Jackson held up his end of the trade bargain, but the Reds still find themselves well back in the standings. "I can't pitch any better," said Jackson, who scattered seven hits in his seventh straight decision. "I was getting my riding fast ball in on them all night and breaking a few bats with hits off the handle."

Jackson helped Cincinnati complete an 8-4 home stand. Jackson had one of his easier assignments Thursday, gaining a 3-0 lead in the third when Eric Davis, who had three hits and five RBIs, hit a two-run homer.

Dodgers 2, Phillies 1: In Los Angeles, Dave Anderson singled home Tracy Woodson from second on the go-ahead run in the eighth as the Dodgers won their fourth straight.

Cardinals 2, Astros 1: In St. Louis, Missouri, Tom Brumacny drove in both runs off Mike Scott, striking an RBI triple in the first and a tie-breaking homer in the sixth. Bob Forsch allowed four hits in seven innings, striking out two and walking three in his longest outing this season.

Giants 4, Mets 1: In San Francisco, Mike Krukow beat New York for the third time this season and increased his career record against the Mets to 20-7 as San Francisco beat New York for the seventh time in nine games.

Padres 5, Expos 4: In San Diego, Carmelo Martinez hit an RBI single with two out in the ninth to lift San Diego to a three-game series sweep. Montreal's Andres Galarraga hit a pair of two-run homers.

Tigers 4, White Sox 4: In the American League, in Detroit, Dave Bergman hit a two-run homer to conclude a four-run rally in the ninth inning that lifted Detroit.

The Tigers had lost five of six preceding games, scored just three runs in their previous three games and their usually sedate clubhouse had begun to stir with discussion.

Mariners 6, Red Sox 1: In Boston, Mark Langston and Mike Jackson combined on a five-hitter and Jim Presley doubled with the bases loaded in the four-run sixth inning as Seattle won its sixes with the Red Sox at Fenway Park.

The loss was the Red Sox's third in four games at home after setting an American League record 24-game home winning streak.

Angels 7, Yankees 1: In New York, Chuck Finley and Greg Minton teamed on a seven-hitter and

Johnny Ray doubled twice to pace California.

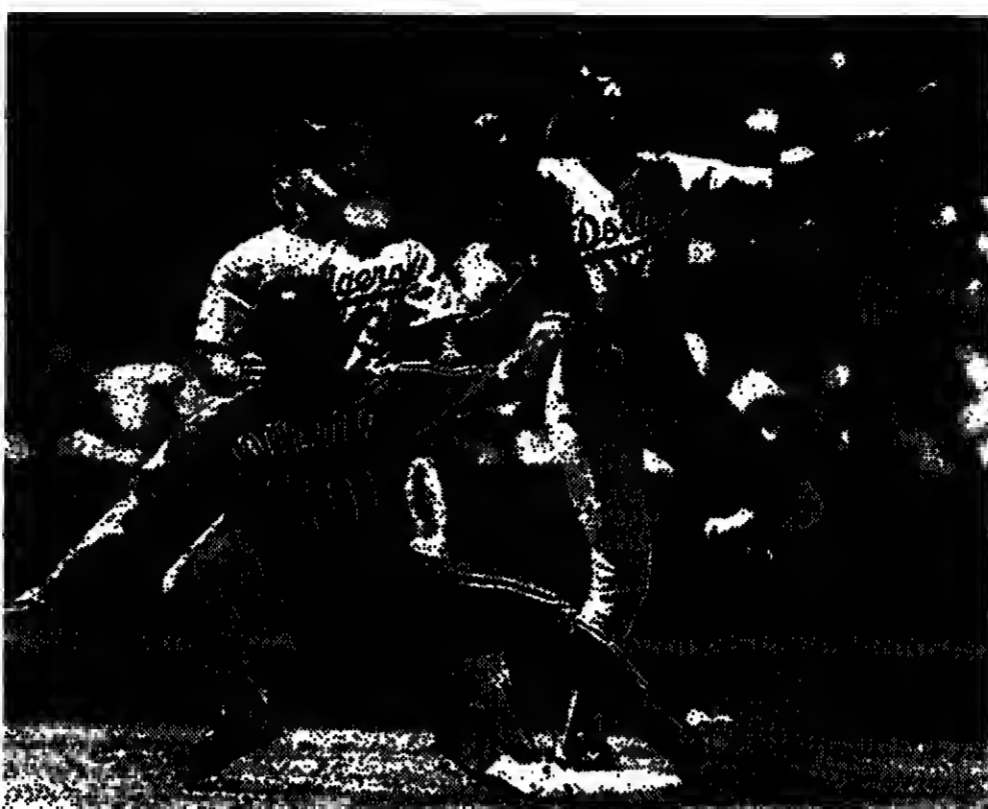
Orioles 10, Athletics 1: In Baltimore, Jeff Ballard pitched a four-hitter and Cal Ripken highlighted a five-run first inning with a two-run double to spark Baltimore's rout.

The Orioles snapped a nine-game losing streak against American League West teams and handed the A's only their second loss in 10 games.

Rangers 4, Twins 2: In Minneapolis, Jeff Russell hurled a five-hitter and Pete Incaviglia, Geno Petralli and Pete O'Brien homered to pace Texas.

Russell carried a shutout into the eighth. He walked one and struck out four in helping to end Minnesota's three-game winning streak.

Indians 4, Brewers 3: In Cleveland, Andy Allanson doubled home three runs with two out in the seventh and Cory Snyder threw out a runner at the plate to end the game, lifting Cleveland to its fourth straight triumph. (UPI, AP)



No. 7 Alfredo Griffin and his Dodger teammate Steve Sax couldn't get a hand on the ball as Darren Daulton of the Philadelphia Phillies slid safely into second base in the second inning in Los Angeles.

Canseco's 40-40 Vision Starting to Focus

By Thomas Boswell

Washington Post Service BALTIMORE — The only bedsheet sign in Memorial Stadium one evening recently read: "Congrats 33 on 30-30." It seems that the word is spreading. Jose Canseco has 40-40 vision, and slowly, America, not just Oakland, California, is tuning its eyes to him.

Before this year, no man in history, neither Ted Williams nor Willie Mays, ever had had 100 home runs in his first three full major league baseball seasons. And no man has ever had 40 homers and 40 stolen bases in the same year.

This month, Canseco of the Oakland A's got the 100-homer mark. And he is on pace, although it should be close, for 40-40. On Wednesday night here, he nearly had both his 32d stolen base and 32d home run. An umpire took the steal from him, but nobody could bring his 415-foot (125-meter) homer back.

Just a normal night's work for Canseco in 1988. A single on a rainbow curveball, a double with two strikes and a long home run on a pitcher's pitch, a fastball on the low-inside corner.

At 24, the 6-foot-3, 230-pound (103 kilogram) Canseco hits the ball as hard as Mickey Velez or Frank Howard, runs faster than any other Oakland player, has the second-best right-field arm in the American League and, as Sparky Anderson once said, "Has the physique of a Greek goddess." His agent calls Canseco "a modern Hercules."

Fortunately, Canseco is no revereer Boy Scout. He does a little sulk or a mini-tantrum on occasion. Taking orders is not a specialty. After years, coaches finally have gotten him to settle on one stance.

Unlike the other A's slugger, Mark McGwire, whose hair is red and whose beard is true blue, Canseco has enough mischief in him to be a pop hero.

He came to spring training four days late and did not bother to apologize because, hey, there was cash to collect at autograph sessions. Manager Tony La Russa set up a table and sign in the locker room that read: "Welcome to Jose Canseco Autograph Day... Evening Lecture: 'Concepts of Team Play.' Special guest speaker: Jose (Card Show) Canseco."

So, Card Show showed 'em. In April, he predicted the unprecedented 40-40. Bobby Bonds, in 1973, had 39 homers and 43 steals. Last year, Eric Davis had 50 steals, 37 homers and missed 33 games

with injuries. Still, Canseco's talk was brave for a man who had never stolen more than 15 bases.

On the surface, Canseco seems laid back to a fault. Don Baylor says, "He still needs a push." But Canseco is a fanatical iron pumper.

"You don't just wake up one morning and look like this," says the man Annie Leibovitz, photographer of rock stars and other pop celebrities, photographed striped to the waist for the baseball pinup of the 1980s.

Canseco says his father is the family perfectionist. He adds that after his mother's death five years ago, he himself is not big on expectation and stress.

Yet he keeps getting better at everything. His assists go up and his errors go down. A kid who was an outfield joke in 1986, his rookie year, may be a Gold Glove by 1990.

Suddenly, Canseco is showing patience, laying off high two-strike fastballs, choking up when he is behind in the count and, occasionally, forgoing his moon-shot swing. His 12 two-strike home runs frighten pitchers more than the other 20.

Last year, Mike Boddicker nicknamed him Jose No-Mistake. Now, however, a steady diet of up-and-in and low-and-away are not enough to keep Canseco's average in the .240s and .250s. Bating .291 and leading the majors in runs (32) as well as RBIs (34), Canseco no longer is just a mistake hitter.

Still, acquire fitness though he has, Canseco's appeal — the reason he is the core of the best team in baseball this season — is his near-Ruthian power.

Canseco still lives in a world of infinite possibility and unrealistic demand. He admits his days of being "the headliner" and "getting frustrated" are too fresh in memory to pronounce dead forever. No slumps like his zero-for-40 in 1986 have arrived. But neither has the real 40-40 media squeeze. After getting his 100th career homer, he went two weeks without a homer. Canseco, whom the American League all-star manager, Tom Kelly, called the best player in baseball, is certainly improving but he is not fully polished.

"Certain days be there," said Baylor. "Other days..." Baylor slurs. "If he were every day, it'd be unbelievable what he could do."

When you do what no one has ever done, yet people still insist on talking about what you might do, that is a wonderful kind of weight. A large weapon is being hitched to Canseco, both by the A's and by a baseball public that loves any hero who promises new horizons. If anybody can pull the lead, it's Canseco.

Athletes' Fast-Paced Price Race

Meet Officials Face Demands for Higher Appearance Fees

The Associated Press

BRUSSELS — Track meet organizers used to make offers that athletes could not refuse. But more and more, they are facing demands that they cannot accept.

The going rate for a 200-meter dash by Florence Griffith-Joyner of the United States is \$25,000 and her compatriot Edwin Moses asks \$30,000 for a 400-meter hurdle race. These sums drive meet organizers, such as Wilfried Meert of the Van Damme Memorial here Friday, to despair.

"Asking \$55,000 for two athletes" Meert said on Belgian radio. "We just cannot think about it. We just had to say no."

So did meet organizers in Zurich and Cologne, so the two U.S. track stars went home.

"Empty-handed," Meert added. "This month, over a dozen European meetings are vying for a handful of stars and the law of supply and demand is driving prices sky-high."

In the case of the Brussels meet, one of the top events on the Mobil Grand Prix circuit, the budget has quadrupled since the first edition 12 years ago, Meert said.

"It cost us \$125,000, all-included," he said. "Now we pay about \$400,000 for the athletes alone."



Edwin Moses asks a high price — but he doesn't always get it.

But while cut-throat competition between meetings sent prices spiraling earlier this decade, Meert said he was pleased to see solidarity triumph this year.

After getting the offers of Griffith-Joyner and Moses, he contacted Zurich and Cologne, the two other main meets on the week's schedule.

Together they took a stand not to bow to the demands. Griffith-Joyner and Moses said they returned early to the United States to better prepare for the Seoul Olympic games, which start Sept. 17.

Often the organizers are not only faced with luring stars to their meetings but also getting them to compete against top-class opposition.

Zurich proved that even if it is tough, it can be done. Almost a year after Ben Johnson of Canada beat Carl Lewis of the United States and set the 100-meter world record in their last meeting in Rome, the two had a showdown in Zurich, which Lewis won.

The two star sprinters reportedly each were paid \$250,000 for those fleeting 10 seconds.

A Hefty Purse Awaiting Leonard

Washington Post Service

NEW YORK — When he meets Donny Lalonde on Nov. 7 in Las Vegas, Sugar Ray Leonard could make more than \$15 million, and will definitely top his best fight payday of \$12 million, according to Leonard's lawyer, Michael Trainer.

"He's going to be way up in the teens," Trainer said Thursday after the 12-round bout for Lalonde's World Boxing Council light heavyweight title and the WBC's new 168-pound (75-kilogram) super middleweight class was officially announced.

"I think \$15 million — in excess of \$15 million — is a very real projection," Leonard, seeking to become the first fighter to win titles in five different weight classes, is 34-1 with 24 knockouts. Lalonde, a Canadian, is 31-2 with 26 knockouts.

At a news conference Thursday, Leonard predicted that he would win a decision over Lalonde. He said he will weigh about 158 pounds.

Leonard said, "Speed will always defeat power." Lalonde, who has a strong

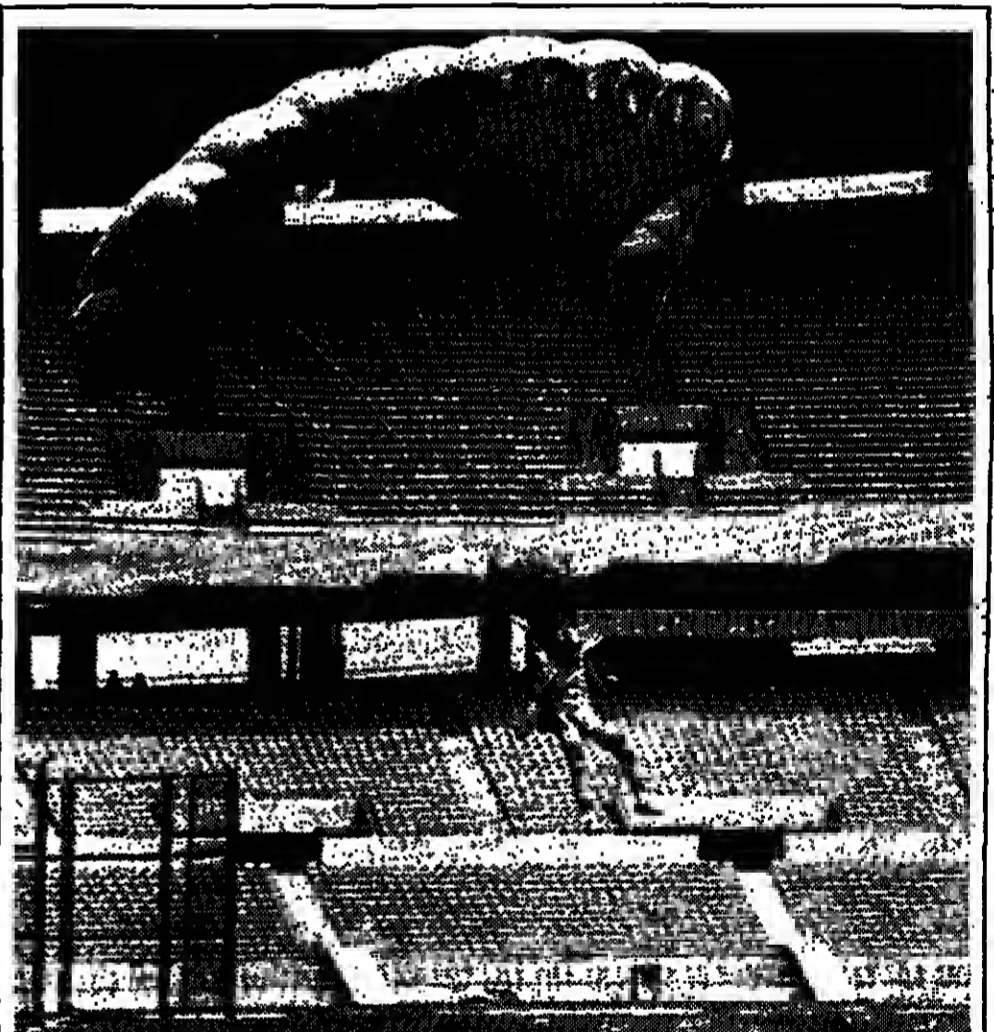
right hand but not much of a left one, saw it the other way, power defeating speed.

He predicted that he would knock out Leonard and said: "If you predict Leonard, you ain't no expert."

Leonard appeared Thursday to be in a combative mood, and even mentioned Mike Tyson's name.

"I could fight Mike Tyson," he said. "I can beat Mike Tyson. I don't care who I fight."

Trainer said that both fighters already are "guaranteed in excess of \$20 million."



With a Month to Go, Seoul Is Gearing Up for Games

A member of the Black Eagles, a South Korean Special Forces parachute team, landing in the Olympic stadium in Seoul on Friday during a practice session for the opening ceremony of the Summer Games on Sept. 17. Meanwhile, South and North Korean officials met Friday in the North for talks on the Communist nation's participation in the Games. In the three-hour meeting just across the border, the officials agreed in principle to hold a North-South parliamentary conference, but differed on what should be discussed. They plan to meet again on Saturday in the South.

SCOREBOARD

BASEBALL

Thursday's Major League Line Scores

Table with columns for team names and scores. Includes American League and National League games.

Major League Statistical Leaders

Table listing statistical leaders for various categories like batting average, home runs, and stolen bases.

TRANSITION

BASEBALL American League Baltimore Orioles: Gordon Dillard, pitcher, to Rochester of the International League. Recalled Mark Williamson, pitcher, from Rochester.

TRANSITION

BASEBALL American League Baltimore Orioles: Gordon Dillard, pitcher, to Rochester of the International League. Recalled Mark Williamson, pitcher, from Rochester.

The Form: Little Fish or Plum of Murdoch Deal?

By Steven Crist

New York Times Service

SARATOGA SPRINGS, New York — Every day, as the bugler calls the horses to the post and the bettors to the betting windows at dozens of thoroughbred race tracks across North America, horse players have two ways of trying to pick winners: studding at their programs with a hat pin or consulting the sea of statistical data in the Daily Racing Form.

The Form, as it is popularly known, is widely considered the smallest fish in Rupert Murdoch's \$3 billion purchase recently of Triangle Publications Inc., but that view could be mistaken.

"I think the Racing Form was the plum in Murdoch's purchase," said Jack Cohen, who publishes its lone competitor, Sports Eye.

"Triangle makes profits of \$85 million a year, and my information is that the Form is responsible for \$40 million in profits on just \$80 million in revenue."

Michael Sandler, publisher of the Daily Racing Form, and other officials of the publication declined to discuss its closely guarded finances.

But Sandler said about 140,000 copies are sold each day, at \$2.50 each. About 3,000 go to subscribers, with the rest sold at race tracks or newsstands. Advertising is minimal and generally related to racing.

The Form's circulation figures are not audited. A spokesman for Murdoch's News Corp. said its average daily circulation was 69,000.

It is the only publication offering the past performances and racing charts for every accredited thoroughbred track in North America, making it the sport's official record-keeper as well as a bible for bettors.

Without it, betting would be reduced to guesswork and the daily operation of the tracks would not have access to horses' records.

The interesting question is whether Murdoch, given his past performance, will tamper with the Form. It is a delicate situation, because Murdoch will have to be careful not to rock the boat that has allowed the Form to enjoy a virtual monopoly on racing information.

"I have not spoken with Murdoch," Sandler said recently in a telephone interview from Los Angeles.

"No changes are contemplated. I would also point out that Ambassador Annenberg has agreed to stay on as an adviser to Mr. Murdoch, which should insure stability," Walter T. Annenberg, the chairman of Triangle, is a former U.S. ambassador to Britain.

The Form publishes different regional editions at its main plants in Chicago, Los Angeles and Hightstown, New Jersey, and hires independent printers to produce other editions in Toronto, Seattle and Pompano Beach, Florida.

"Over the July Fourth weekend this year," Sandler said, "we brought out 37 editions of the Form and sold them from as far north as Edmonton, Alberta, to as far south as Tijuana and from New England to San Diego."

A typical 40-page issue of the Form begins with eight pages of racing news, followed by 31 pages of past-performance data and race charts in tiny agate type, and a back page of four editorial columns.

Nearly everything concerns the so-called "Sport of Kings."

"Six to Compete in Saratoga Headliner" is a typical headline atop the front page. News of wars, assassinations and coups are contained in a roundup of world news on Page 6.

No one expects Murdoch to tamper with the statistical matter, which is stored in vast computer systems at the Form's three main offices, but the editorial columns seem a likely target for change.

The Racing Form, because of its official record-keeping functions and its reliance on the tracks that grant it exclusive status, has long considered itself a promoter and defender of racing.

Such controversial issues as race fixing and improper medication of horses are played down, and subjects of news stories customarily receive deferential treatment.

But Murdoch and his editors have taken a splashy and confrontational approach to racing journalism in both the Australian and U.S. newspapers he has purchased.

When Murdoch first purchased the New York Post, he doubled the racing coverage and emphasized tales of betting coups and scandals.

The Form's new owners will have to contend with a returning challenge from Sports Eye, which is based in Port Washington, New York.

The two newspapers reached an out-of-court settlement in 1985, under which Sports Eye agreed to stop publishing past performances for three years in exchange for a payment that both sides privately confirm at between \$7 million and \$10 million.

That agreement expired last month, and Sports Eye is preparing for another battle. Sandler of the Form declined to discuss his rival, but Cohen said he could hardly wait for head-to-head competition, which he expects will begin next summer.

FOOTBALL

CFL Standings

Table showing CFL Standings for Eastern and Western Divisions.

NFL Exhibition Result

New York Jets 11, Cleveland 7

THURSDAY'S MAJOR LEAGUE LINE SCORES

Table with columns for team names and scores. Includes American League and National League games.

POSTCARD

Scene 1, Sip 2, Cut!

By Sue Halpern
New York Times Service

SARANAC LAKE, N.Y. — Fred G. Sullivan, his wife, Polly, and their four children hope that the heat wave will continue. They hope that the air-conditioning at every triplex and sixplex movie theater in Manhattan will go on the blink.

movie with Sullivan and Charles Ritchie, a local businessman. Along with more than 100 of his neighbors, Sweeney made his acting debut in the film, an experience, he said, that "didn't go to my head. I'm probably a better CPA than I am an actor. No one was calling me one-take Sweeney."

The movie also features a postman, two restaurateurs, the man who supervises the town dump and Sullivan's family. "I just used whatever was around," he said.

Aside from five uncredited professionals who worked scale minus "everyone else earned a T-shirt. Businesses got into the act, opening their stores, restaurants and ski slopes to cameras and cast. In return, Sullivan shamelessly accepted their gifts."

Then, they hope, hordes will crowd into the 185-seat Bleeker Street Cinema, to see Sullivan's film "The Beer Drinker's Guide to Fitness and Filmmaking."

If that doesn't happen, the Sullivan's oldest child, 11-year-old Tate, observes in the film, "Daddy says we'll starve."

For the last 14 years, Sullivan has eked out a living as a filmmaker on the rugged shores of Saranac Lake, far from California and New York. He has written seven screenplays, none of which has been bought, and made one other full-length feature, "Cold River."

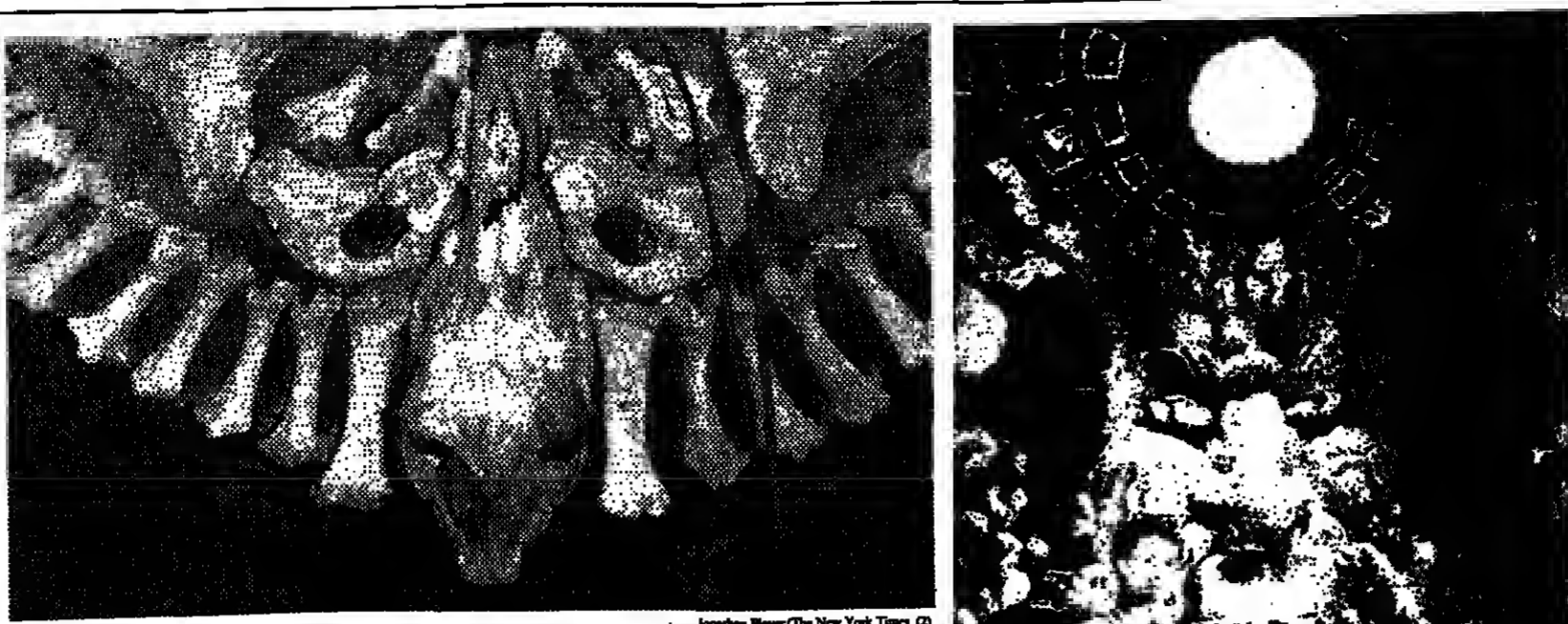
Until recently it looked as if his latest film, a manic meditation on his life between the Scylla of domestic chaos and the Charybdis of professional success, would sink into obscurity. But that was before Sullivan raised an additional \$4,000 to change the title of the \$500,000 movie to "sell more tickets."

As "Sullivan's Pavilinn," the movie won film-festival awards and good reviews, but it flopped in Los Angeles and never made it to New York. But renamed "The Beer Drinker's Guide to Fitness and Filmmaking" the film played against "Rambo III" in Burlington, Vermont, for seven weeks this summer and outgrossed it.

That showing persuaded the owner of the Bleeker Street Cinema, Jackie Sarre, to give Sullivan the break that had eluded him for 18 months: a New York City booking for two weeks. "We've had our out-of-town tryout and now we're opening on Broadway," Sullivan said. "One block over, at least."

The "Beer Drinker's Guide to Fitness and Filmmaking" is a self-conscious movie, a whimsical autobiography that chronicles Sullivan's manifold trials as an independent filmmaker and father.

"The style is chaotic," he said, "just like living with four kids." "His career as a filmmaker in the Adirondacks is riding on this film," said Bill Sweeney, an accountant in Saranac Lake who co-produced the



Arrangement of bones frames a passageway in Leeds grotto by Simon Verity (right).

Simon Verity Carves 'A Strange World'

By Terry Truoco
New York Times Service

MAIDSTONE, England — Nine years ago, Simon Verity, a stone carver, visited Austria and saw a 17th-century grotto built for the Prince-Archbishop of Salzburg at Schloss Hellbrunn. The grotto "caught my imagination," Verity said. "It had all sorts of aspects that intrigued me."

The trip was the beginning of his fascination with the cavern retreats that were once staples of well-appointed gardens in 18th-century Europe. These cool caves, sometimes made by nature, were places for entertainment and sometimes for work. (Alexander Pope wrote in a grotto of his own design.) They were often decorated elaborately with shells and waterfalls.

Over the last six years, with the help of a team of artisans, Verity, 43, has overseen the restoration of three 18th-century English grottoes and has designed and built several new grottoes. He has earned the reputation as the most experienced grotto sculptor and conservator in Britain, although he admits that the field is not exactly crowded. "It's a strange little world," he said, "and there don't seem to be many people who play in it."

But that may be changing. "I think there is an eternal fascination in the combination of rocks and water and what you can do with them that bubbles up after a few generations or so," Verity said. In September Verity will travel to New York for two months to do stone carvings for the Cathedral of St. John the Divine.

His restorations include a grotto commissioned by Lady Hertford for her estate at Marlborough, Wiltshire, and completed in 1735, and the grotto at Goldney House in Bristol, which took 27 years to excavate and was completed in 1764.

His most elaborate restoration is the grotto at Hampton Court House near Busby Park in Twickenham. It was built in the mid-18th century by the Second Earl of Halifax for his mistress, the actress Anna Maria Faulkner. More than 40,000 shells were used in the original ornamentation. Verity and a team of 11 artisans are now restoring what he calls a

"beautiful but very delicate" 18th-century grotto at Farnhill Park in Cobham, Surrey, a project that will not be finished until the early 1990s.

Last April, he finished his largest and most ambitious project, a magnificent new grotto here at Leeds Castle. Once home to the early Tudor monarchs, the castle is now a popular tourist spot, attracting more than 500,000 visitors a year.

The Leeds grotto is the centerpiece of a maze of more than 3,000 yew trees. The garden and grotto cost almost \$500,000. "No one had done a grotto like this in 250 years," said Andrew Grant, the director of Leeds Castle. "We wanted something interesting and unique that would bring people back."

Visitors to the grotto descend deep into the ground through a suite of rooms, nearly all encrusted from ceiling to floor with mosaics made from minerals, shells and animal bones. Limestone sculptures cover several walls. There is a room lined in moss and knobby elm. And of course, there is a waterfall.

Like many classic English grottoes, the one at Leeds has a theme: metamorphosis. It can be seen in many guises, including a phoenix made of abalone and coral. There are also representations of the four elements: minerals for earth, shells for water, burnt flint for fire and natural crystal for air.

"Obviously some visitors will ignore the mythology and simply look at the geological specimens," said Diana Reynell, a jewelry maker and shell specialist who has worked with Verity on his larger grotto projects.

Creating a grotto from scratch is quite different from a restoration, Verity said. A restoration is somewhat like piecing together an old puzzle. The restorer must hunt down the kinds of minerals and shells used in the original and apply similar construction techniques and materials, like the lime mortar popular in the 18th century. Many materials are no longer available. Like the blackened brick used in the original, Verity uses a material called "black stone" to replicate the look.

Despite these limitations, Verity relishes the opportunity to create new grottoes. "I look at this, and I'm amazed by it," he said, holding up a small mica slab. "Something like this offers the possibility of an unlimited range."

A weakened Cesar Chavez will end his monthlong fast Sunday by breaking bread at a Catholic Mass. The founder and head of the United Farm Workers has been fasting in protest over the use of chemical pesticides. "I'm not sure he can last that long," said Dr. Fidel Henrich, who has been monitoring Chavez's condition. "He has become very weak and the lack of nourishment is affecting every organ in his body." Chavez has lost 30 of his 175 pounds during his third protest fast.

PERSONAL MESSAGES
POLLY PURBERED. Please call home as soon as possible. This is Fred G. Sullivan's wife.
OFFERING THIS PRAYER with gratitude. May the Sacred Heart of Jesus be adored, revered, loved and preserved throughout the world now and forever. Sacred Heart of Jesus pray for us. 50 Jude, worker of miracles pray for us. 51 Jude, worker of miracles pray for us. 52 Jude, worker of miracles pray for us. 53 Jude, worker of miracles pray for us. 54 Jude, worker of miracles pray for us. 55 Jude, worker of miracles pray for us. 56 Jude, worker of miracles pray for us. 57 Jude, worker of miracles pray for us. 58 Jude, worker of miracles pray for us. 59 Jude, worker of miracles pray for us. 60 Jude, worker of miracles pray for us.

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PEOPLE
Taylor's Hospital Stay For Back Problem Ends
Elizabeth Taylor, hospitalized for a month with a recurring back problem, has been discharged.
Christine Ockrent, the French anchorwoman, will return on Sept. 12 to her old job running the 8 P.M. news program on the Antenne 2 network.
Police have unveiled long-held evidence from the Jack the Ripper file and said it helped fill in the historical gaps about the murders who terrorized London a century ago.
Actress Peggy Ann Foster says she gave an impromptu lesson on how to do the latest dance craze, "Lynch" shopping in London and when the young assistant saw my name on my credit card, she recognized me and screamed: "Teach me Lynch!"
A weakened Cesar Chavez will end his monthlong fast Sunday by breaking bread at a Catholic Mass.

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U.S. Diver Fails Olympic Quest
INDIANAPOLIS (UPI) — Bruce Kimball, a U.S. diver, failed to qualify for the Olympics in Seoul, South Korea, after a disappointing performance in the preliminary rounds.
MONDAY Q&A
Roland Smith, chairman of British Aerospace, says Europe is set to shake up the aerospace market.
General News
Noriega has stepped up harassment of Americans. U.S. officials said.